

Letter to
Stockholders

Annual Meeting
Invitation

Notice of 2012
Annual Meeting
and Proxy

2012 Annual
Report on
Form 10-K



Power/Full Solutions
Washington DC
403

Proxy Statement and 2012 Annual Report to Stockholders

Dear Fellow Stockholder:

It is with particular pleasure that we present our Annual Report for our fiscal year ending March 31, 2012. The end of fiscal 2012 marks a very successful two-year period for our Company, one in which we more than doubled our earnings. This accomplishment speaks to both the soundness of our strategic plan and the dedication of our employees.

Our net sales for fiscal 2012 were \$2,283.4 million – an increase of 16% from the net sales of \$1,964.4 million achieved during fiscal 2011. Our fourth quarter and full year adjusted net earnings are the best quarterly and annual earnings in our Company's history.

Just as our earnings expanded throughout fiscal 2012, so did several elements of our growth strategy. We completed strategic acquisitions and investments in key emerging geographic markets and in lithium-ion batteries. We acquired Industrial Battery Holding S.A., the parent company of EnerSystem, a market leader in the South American industrial battery markets. In addition, we finalized three joint ventures, all of which are majority owned by EnerSys. In Germany, we launched a joint venture with Lithium Technology Corporation to produce large format lithium-ion battery cells. In South Africa, we entered into a joint venture with Powertech Batteries to produce and market batteries for industrial applications. We also announced our formation of a joint venture with Energy Leader Batteries India Limited, which will serve customers in India.

The past fiscal year also included an expansion of our low-cost manufacturing base, with the opening of a new manufacturing facility in Chongqing, China. The 400,000 square foot facility joins our two other Chinese production plants.

As our new fiscal year unfolds, we believe we remain well positioned for further success. We will continue to implement elements of our growth strategy and keep providing the best value for our customers. To our 9,200 employees charged with actually delivering that value, I want to offer a special note of thanks. Your efforts were, and will always be, key to our success. To our stockholders and customers, thank you for your continued support and confidence in our Company and our stored energy solutions.

Best regards,

A handwritten signature in black ink, appearing to read 'John D. Craig', is written over a white background.

John D. Craig
Chairman of the Board,
President and Chief Executive Officer

Please refer to "Management's Discussion and Analysis" in our Annual Report on Form 10-K attached to this letter for additional information, including a reconciliation of the non-GAAP measures to the comparable GAAP measures.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this letter and proxy statement regarding EnerSys' business, which are not historical facts, are "forward-looking statements" that involves risks and uncertainties. For a discussion of such risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see the Company's filings with the Securities Exchange Commission, including "Item 1A. Risk Factors" in the Company's 2012 Annual Report on Form 10-K attached to this letter. These statements speak only as of the date of this letter and proxy statement, even if subsequently made available by EnerSys on its website or otherwise. EnerSys undertakes no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this letter and proxy statement.

Annual Meeting Invitation



June 21, 2012

Dear Fellow Stockholder:

EnerSys will hold its 2012 annual meeting of stockholders (the “Annual Meeting”) on Thursday, July 26, 2012, at 10:00 a.m. (Eastern Time) at our corporate offices located at 2366 Bernville Road, Reading, Pennsylvania 19605. You can find directions to our corporate offices on the Investor Relations page of our website at www.enersys.com.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting in person, we urge you to read these proxy materials and cast your vote on the matters that will be presented at the Annual Meeting. Stockholders of record have the option of voting by telephone, through the Internet or by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Doing so will not prevent you from voting in person at the Annual Meeting.

Thank you very much for your continued interest in EnerSys.

Sincerely,

A handwritten signature in black ink, appearing to read 'John D. Craig'. The signature is fluid and cursive, with a large loop at the end.

John D. Craig
Chairman of the Board,
President and Chief Executive Officer

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ENERSYS
2366 Bernville Road
Reading, Pennsylvania 19605

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

**Important Notice Regarding the Availability of Proxy Materials for the
Stockholders Meeting to be Held on July 26, 2012**

**The Proxy Statement, the Proxy Card and the Annual Report to Stockholders
are available at www.enersys.com**

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders (the "Annual Meeting") of EnerSys will be held on Thursday, July 26, 2012, at 10:00 a.m. (Eastern Time) at its corporate offices located at 2366 Bernville Road, Reading, Pennsylvania 19605, for the following purposes:

- (1) to elect the three (3) Class II director nominees of the Board of Directors of EnerSys, each to serve until the 2015 annual meeting of stockholders, or until the earlier of their resignation or their respective successors shall have been elected and qualified;
- (2) to ratify the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm for the fiscal year ending March 31, 2013;
- (3) an advisory vote to approve the compensation of EnerSys' named executive officers; and
- (4) to transact such other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on June 6, 2012, are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. A list of these stockholders is available at the corporate offices of EnerSys and will be available at the Annual Meeting.

If you plan to attend the Annual Meeting, please bring photo identification. If your shares are held in the name of a broker or other nominee, please bring with you a letter (and a legal proxy if you wish to vote your shares) from the broker or nominee confirming your ownership as of the record date. For directions to the Annual Meeting, please contact Investor Relations by telephone at (610) 236-4040 or visit our website at www.enersys.com.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE ANNUAL MEETING. STOCKHOLDERS OF RECORD MAY VOTE BY TELEPHONE, THROUGH THE INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED. SPECIFIC INSTRUCTIONS FOR TELEPHONE AND INTERNET VOTING ARE SET FORTH ON THE ENCLOSED PROXY CARD.

By Order of the Board of Directors



Richard W. Zuidema
Executive Vice President and Secretary

Reading, Pennsylvania
June 21, 2012



PROXY STATEMENT

GENERAL INFORMATION

Solicitation of Proxies. The Board of Directors of EnerSys is providing this Proxy Statement to solicit proxies for use at EnerSys' annual meeting of stockholders to be held at its corporate offices located at 2366 Bernville Road, Reading, Pennsylvania 19605 on Thursday, July 26, 2012, at 10:00 a.m. (Eastern Time) or any adjournment or postponement thereof (the "Annual Meeting"). EnerSys (the "Company," "we," "our," or "us") is first delivering this Proxy Statement, the foregoing notice and the accompanying proxy card to stockholders on or about June 21, 2012.

Purpose of the Meeting. At the Annual Meeting, our stockholders will be asked to vote on the following proposals:

Proposal No. 1: to elect the three (3) Class II director nominees of the Board of Directors of EnerSys, each to serve until the 2015 annual meeting of stockholders, or until the earlier of their resignation or their respective successors shall have been elected and qualified;

Proposal No. 2: to ratify the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm for the fiscal year ending March 31, 2013; and

Proposal No. 3: an advisory vote to approve EnerSys' named executive officer compensation.

Record Date. Only stockholders of record at the close of business on June 6, 2012 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, there were 48,016,469 shares of EnerSys common stock outstanding, each of which will be entitled to one vote at the Annual Meeting.

Quorum. The presence, in person or by proxy, of stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast will constitute a quorum at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the Annual Meeting for purposes of determining the presence of a quorum.

Voting and Revocation of Proxies. Stockholders of record can choose one of the following three ways to vote:

1. By mail: Complete, sign, date and return the enclosed proxy card in the pre-paid envelope provided. If you return the signed proxy card but do not mark the boxes showing how you wish to vote, your votes will be cast "FOR" the election of all director nominees, "FOR" the ratification of the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm, and "FOR" the approval of executive compensation.

2. By telephone: Call the toll-free telephone number on the proxy card 1-800-652-VOTE (8683) and follow the voice prompts.

3. Through the Internet: Access the website www.investorvote.com/ENS and follow the instructions.

We encourage each stockholder of record to submit their proxy electronically through the Internet, if that option is available, or by telephone. Delivery of a proxy in any of the three ways listed above will not affect the right of a stockholder of record to attend the Annual Meeting and vote in person. If your shares are held in "street name" (that is, through a broker, trustee or other holder of record), you will receive a proxy card from your broker seeking instructions as to how your shares should be voted. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. A "broker non-vote" results on a matter when your broker or nominee returns a proxy but does not vote on a particular proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee only has discretionary voting power with respect to the proposal regarding the ratification of the appointment of the independent registered public accounting firm. You may not vote shares held in "street name" at the Annual Meeting unless you obtain a legal proxy from your broker or holder of record.

Any stockholder of record giving a proxy may revoke it by doing any of the following:

- delivering a written notice of revocation to the Secretary of EnerSys, dated later than the proxy, before the vote is taken at the Annual Meeting;
- delivering a duly executed proxy to the Secretary of EnerSys, bearing a later date (including proxy by telephone or through the Internet) before the vote is taken at the Annual Meeting; or
- voting in person at the Annual Meeting (your attendance at the Annual Meeting, in and of itself, will not revoke the proxy).

Any written notice of revocation, or later dated proxy, should be delivered to EnerSys, 2366 Bernville Road, Reading, Pennsylvania 19605, Attention: Richard W. Zuidema, Executive Vice President and Secretary.

Tabulation of Votes. In May 2012, the Board of Directors adopted majority voting procedures for the election of directors in an election where the number of director nominees does not exceed the number of directors to be elected (an "uncontested election"). In an uncontested election, to be elected, a director nominee must receive more "for" than "against" votes cast by the holders of shares of our common stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a "majority vote"). In an election where the number of director nominees exceeds the number of directors to be elected, directors are elected by a plurality vote, which means that the director nominees receiving the most votes cast by the holders of shares of our common stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors will be elected, regardless of the number of votes cast in favor of each director nominee. The election of directors at this Annual Meeting is an uncontested election. Brokers holding shares beneficially owned by their clients do not have the ability to cast votes with respect to the election of directors unless they have received instructions from the beneficial owner of the shares. **If your shares are held by a broker, it is important that you provide instructions to your broker so your vote is counted in the election of directors.** Abstentions and broker non-votes will not constitute or be counted as "votes" cast for purposes of this proposal.

If an incumbent director receives more "against" than "for" votes, in accordance with the Corporate Governance Guidelines, the Nominating and Corporate Governance Committee will consider such director's contingent resignation and recommend to the Board of Directors the action to be taken. The Board of Directors will act on such recommendation and publicly disclose its decision and the rationale behind such decision within 90 days from the date of the certification of the election results.

The ratification of the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm for the fiscal year ending March 31, 2013, requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting. With respect to these matters, abstentions will have the same effect as voting against such proposal and broker non-votes, if any, will not constitute or be counted as "votes" cast for purposes of this proposal.

The affirmative vote of the holders of a majority of shares of our common stock, present in person or represented by proxy and entitled to vote, is required for approval with respect to the advisory vote to approve our named executive officer compensation. An abstention is treated as present and entitled to vote and therefore has the effect of a vote against the advisory vote on executive compensation. A nominee holding shares in street name does not have discretionary voting power with respect to this proposal and may not vote shares unless the nominee receives voting instructions from the beneficial owner. Accordingly, a broker non-vote is not counted for voting purposes with respect to, and has no effect on, the advisory vote to approve our named executive officer compensation.

Although the advisory vote to approve our named executive officer compensation is non-binding, as provided by law, our Board of Directors will review the results of the vote and take them into account in making a determination concerning executive compensation.

If any other matters are properly presented for consideration at the meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named in the proxy card will have discretion to vote on those matters according to their best judgment to the same extent as the person signing the proxy would be entitled to vote. At the date of this proxy statement, we do not anticipate that any other matters will be raised at the Annual Meeting.

Attendance at the Annual Meeting. Attendance at the Annual Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of EnerSys.

PROPOSAL NO. 1

ELECTION OF THE CLASS II DIRECTOR NOMINEES OF THE BOARD OF DIRECTORS

General

Our certificate of incorporation provides that the Board of Directors shall consist of not less than three or more than eleven members, as fixed by the Board of Directors from time to time. The certificate of incorporation also divides the Board into three classes, with each class to be as nearly equal in number as possible. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, nominees for directors in that class will be considered for election for three-year terms at the annual meeting of stockholders in the year in which the term of directors in that class expires.

Our Board of Directors currently consists of nine members, divided into three classes. The classes are composed of the following directors:

Messrs. Ghasemi, Lehman and Marlo are Class I directors, whose terms will expire at the 2014 annual meeting of stockholders;

Messrs. Chung and Katsaros and Gen. Magnus, USMC (Retired) are Class II directors, whose terms will expire at the 2012 annual meeting of stockholders; and

Messrs. Craig, Hoffen and Muscari are Class III directors, whose terms will expire at the 2013 annual meeting of stockholders.

Director Nominees of the Board of Directors

Based on the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has unanimously nominated Messrs. Chung and Katsaros, and Gen. Robert Magnus for election as Class II directors of EnerSys. Each of the nominees currently serves as a director of EnerSys and has consented

to being named in this Proxy Statement and to serve, if elected. Each of the directors elected at the Annual Meeting will hold office until the 2015 annual meeting of stockholders or until the earlier of their resignation or their successors are duly elected and qualified. If any of the nominees become unable to accept nomination or election, the persons named in the proxy may vote for a substitute nominee selected by the Board of Directors. Our management, however, has no present reason to believe that any Class II nominee will be unable to serve as a director, if elected.

RECOMMENDATION

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR”
THE ELECTION OF EACH OF THE DIRECTOR NOMINEES LISTED ABOVE.**

BOARD OF DIRECTORS

The following table sets forth certain information with respect to our directors and the director nominees as of the date of this Proxy Statement:

<u>Name</u>	<u>Age</u>	<u>Position with EnerSys</u>	<u>Year First Became Director</u>	<u>Term as Director will Expire(1)</u>
John D. Craig	61	Chairman of the Board, President and Chief Executive Officer	2000	2013
Hwan-yoon F. Chung	38	Director	2006	2012
Seifi Ghasemi	67	Director	2010	2014
Howard I. Hoffen	48	Director	2000	2013
Arthur T. Katsaros	64	Director	2005	2012
John F. Lehman	69	Director	2004	2014
Gen. Robert Magnus, USMC (Retired)	65	Director	2008	2012
Dennis S. Marlo	69	Director	2004	2014
Joseph C. Muscari	65	Director	2008	2013

- (1) Directors' terms of office are scheduled to expire at the annual meeting of stockholders to be held in the year indicated.

The principal occupation and business experience during the last five years of, and other information with respect to, each nominee for election as a director of EnerSys and of each continuing director is as follows:

John D. Craig. Mr. Craig has served as Chairman of the Board of Directors, President and Chief Executive Officer and a Director of EnerSys since November 2000. From 1998 to October 2000, he served as President and Chief Operating Officer of Yuasa, Inc., the predecessor company to EnerSys. Mr. Craig joined Yuasa in 1994. Mr. Craig serves on the Board of Directors and Audit Committee of Gardner Denver Inc., a manufacturer of highly engineered products. Mr. Craig received his Master of Electronics Engineering Technology degree from Arizona State University and his Bachelor of Science degree from Western Michigan University.

Mr. Craig has many years of experience in the industrial battery business. As President and Chief Executive Officer, he is intimately familiar with all aspects of our business activities. Mr. Craig's history of leadership, experience and business background are attributes that were significant in the decision to nominate him as a member of our Board of Directors and his service as Chairman of the Board of Directors.

Hwan-yoon F. Chung. Mr. Chung has been a Director of EnerSys since February 2006. Mr. Chung has been a Principal of Metalmark Capital LLC since its inception in 2004. Prior to joining Metalmark, he was an Executive Director of Morgan Stanley Private Equity from 2002 to 2004, and Vice President of Morgan

Stanley Private Equity from 2000 to 2002. He received his Bachelor of Arts in Philosophy from the College of Arts and Sciences of the University of Pennsylvania, and his Bachelor of Science degree in Economics from the Wharton School of Business of the University of Pennsylvania. The financial acumen that Mr. Chung obtained through his private equity experiences were attributes important in qualifying him for service as a member of the Board of Directors.

Seifi Ghasemi. Mr. Ghasemi has been a Director of EnerSys since July 2010. Mr. Ghasemi has served as the Chairman and Chief Executive Officer of Rockwood Holdings Inc., which is listed on The New York Stock Exchange, since March 2001. Prior to that, he served as Chairman and Chief Executive Officer of GKN Sinter Metals, a producer of powdered metal components for automotive applications, and served as a board member of GKN, plc, a global engineering business that serves the automotive, aerospace and land systems markets, from 1997 to 2001. From 1987 to 1997, he was employed by BOC Gases, serving as President of BOC Gases, Americas from 1993 to 1997 and was a member of the board of directors of BOC Group, plc, a multinational gas company, from 1995 to 1997. Mr. Ghasemi received his Bachelor of Science degree from the Abadan Institute of Technology in Abadan, Iran and his Masters of Science degree in Mechanical Engineering from Stanford University.

Mr. Ghasemi's experience qualifying him for service as a member of the Board of Directors includes over seventeen years experience in executive positions and over fifteen years experience as a board member with global leaders in industries ranging from specialty chemicals to engineering to industrial gases.

Howard I. Hoffen. Mr. Hoffen has been a Director of EnerSys since November 2000. He is currently the Chairman, Chief Executive Officer, and a Managing Director of Metalmark Capital LLC, an investment center of Citi Alternative Investments that is focused on private equity. Mr. Hoffen was a founding member of Metalmark in 2004, and served as Chairman and Chief Executive Officer of Morgan Stanley Capital Partners from 2001 to 2004, after having performed various roles in the private equity group since he joined Morgan Stanley in 1985. He serves as a Director of Union Drilling, Inc., which is listed on the NASDAQ Stock Market. He is also a Director of several private companies. Mr. Hoffen received his Master of Business Administration degree from Harvard Business School and his Bachelor of Science degree from Columbia University. Mr. Hoffen was appointed to serve on our Board by Metalmark, pursuant to the Securityholder Agreement.

Through Mr. Hoffen's experience in private equity and service on other corporate boards, he has dealt with a wide range of issues including audit and financial reporting, risk management, executive compensation and strategic planning. These attributes were significant in the decision to nominate him as a member of the Board of Directors and to serve as our Lead Director.

Arthur T. Katsaros. Mr. Katsaros has been a Director of EnerSys since July 2005. Mr. Katsaros was most recently the Group Vice President—Development and Technology of Air Products and Chemicals, Inc. since 2002 and until his retirement in April 2007. From 1996 through 2002, he was Group Vice President of Engineered Systems and Operations of Air Products. Mr. Katsaros serves as the Chairman of CDG Environmental, LLC, a manufacturer of supply systems for water treatment. Mr. Katsaros received a Bachelor of Science degree in Chemical Engineering from Worcester Polytechnic Institute in 1969 and a Master of Business Administration from Lehigh University in 1977. He also completed the Advanced Management Program at Harvard University's Graduate School of Business in 1992.

Mr. Katsaros' experience qualifying him for service as a member of the Board of Directors includes over fifteen years experience in executive positions with a global manufacturer, in charge of international business and operations, such as manufacturing, engineering, information technology and research and development.

John F. Lehman. Mr. Lehman has been a Director of EnerSys since August 2004. Mr. Lehman is a founding partner of J.F. Lehman & Company, a private equity firm, and has been its Chairman since November 1990. Prior to founding J.F. Lehman & Company, Mr. Lehman was a Managing Director in Corporate Finance at PaineWebber Incorporated, served for six years as Secretary of the Navy, was a member of the National Security Council Staff, served as a delegate to the Mutual Balanced Force

Reductions negotiations and was the Deputy Director of the Arms Control and Disarmament Agency. Mr. Lehman serves as a Director of Ball Corporation, which is listed on The New York Stock Exchange. He is a member of the Board of Directors of Drew Marine, Inc., a private technical solutions and service provider to the global marine industry, and Verisk Analytics, a private risk information provider. Mr. Lehman was a member of the National Commission on Terrorist Attacks upon the United States. He is currently a member of the National Defense Commission. He is also Chairman of the Princess Grace Foundation. Mr. Lehman received his Bachelor of Science degree from St. Joseph's University, his Bachelor of Arts and Master of Arts degrees from Cambridge University and a Doctorate from the University of Pennsylvania.

Mr. Lehman's business and government experience provide the Board of Directors with valuable insight into social, governmental and economic issues relevant to our business. This experience is important in qualifying him for service as a member of the Board of Directors.

General Robert Magnus, USMC (Retired). Gen. Magnus has been a Director of EnerSys since July 2008. Gen. Magnus served as the Assistant Commandant of the Marine Corps from 2005 to 2008. He retired from the Marine Corps in 2008 after over 38 years of distinguished service. Gen. Magnus' operational assignments included Commander, Marine Corps Air Bases Western Area and Deputy Commander, Marine Forces Pacific. Gen. Magnus' staff assignments included Chief, Logistics Readiness Center, Joint Staff; Executive Assistant to the Director of the Joint Staff; Head, Aviation Plans and Programs Branch; Assistant Deputy Chief of Staff for Aviation; Assistant Deputy Commandant for Plans, Policies, and Operations; and Deputy Commandant for Programs and Resources. Gen. Magnus also serves on the Board of Directors of Augusta Westland NA, a subsidiary of Italy's Finmeccanica, a producer of advanced helicopters, and Elbit Systems of America, a producer of defense, homeland security and commercial aviation products and solutions. Gen. Magnus received his Bachelor of Arts degree in history from the University of Virginia and his Masters in Business Administration degree from Strayer College. His formal military education included Naval Aviator Training, U.S. Marine Corps Command and Staff College, and the National War College. Gen. Magnus' personal decorations included two Distinguished Service Medal awards, the Defense Superior Service Medal, Legion of Merit, and Navy Achievement Medal.

Gen. Magnus' experience and service qualifying him for service as a member of our Board of Directors includes his four years of financial management experience with the Office of Oversight of the Marine Corps, his experience in constructing and justifying wartime budgets from 2001 to 2005, service as Chair of the Marine Corps morale, welfare and recreation programs with direct responsibility for annual budgets, and service as the second senior officer of the active duty and reserve unit Marine Corps from 2005 to 2008.

Dennis S. Marlo. Mr. Marlo has been a Director of EnerSys since August 2004. Mr. Marlo served as an Executive Vice President of Sovereign Bancorp, Inc. (now Santander Holdings USA, Inc.) from June 2004 through April 2009, and as Chief Risk Management Officer of Sovereign Bancorp, Inc. from April 2001 through June 2004. Mr. Marlo joined Sovereign in February 1998 as the President of the Pennsylvania Division of Sovereign Bank and was appointed Chief Financial Officer and Treasurer of Sovereign in May 1998, serving in that capacity through April 2001. Prior thereto, Mr. Marlo served as President and Chief Executive Officer of ML Bancorp Inc., a predecessor company of Sovereign Bancorp, Inc., and as a partner with KPMG, LLP. Mr. Marlo is currently Chairman of the Board of Directors of the Federal Home Loan Bank of Pittsburgh, a government sponsored enterprise. He is also a member of the Board of Directors of the Lankenau Hospital Foundation, a foundation supporting a non-profit medical center in Wynnewood, Pennsylvania, and is Chairman of the Board of Trustees at Harcum College in Bryn Mawr, Pennsylvania. Mr. Marlo completed the Graduate School of Community Bank Management at the University of Texas at Austin and received his Bachelor of Science degree in Accounting from La Salle University. He is a certified public accountant.

Through Mr. Marlo's extensive financial experience and other activities, he has dealt with a wide range of issues including audit and financial reporting, risk management, executive compensation and strategic planning. These experiences qualify him to service as a member of our Board of Directors, Chairman of the Audit Committee, and our Audit Committee financial expert.

Joseph C. Muscari. Mr. Muscari has been a Director of EnerSys since June 2008. Mr. Muscari has served as Chairman and Chief Executive Officer of Minerals Technologies Inc. (“MTI”), which is listed on The New York Stock Exchange, since March 2007 and as a Director of MTI since February 2005. For the prior 37 years, Mr. Muscari was employed at Alcoa Inc., where he held a number of executive positions. He served as Executive Vice President and Chief Financial Officer from January 2006 to January 2007. Mr. Muscari previously served as Executive Vice President—Alcoa and Group President, Rigid Packaging, Foil and Asia group, since October 2004. He had been an Executive Vice President of Alcoa since 2002, having responsibility for Alcoa’s businesses in Asia and Latin America. Mr. Muscari also serves on the Board of Directors of Dana Holding Corporation, which is listed on the New York Stock Exchange. He received his Bachelor of Science degree in industrial engineering from the New Jersey Institute of Technology and his Masters in Business Administration from the University of Pittsburgh. He also holds an honorary Doctor of Law degree from Salem-Teikyo University. Mr. Muscari is also a former member of the Board of Directors of Aluminum Corporation of China.

Mr. Muscari’s experience qualifying him for service as a member of our Board of Directors includes nearly forty years of combined experience with global mineral and aluminum companies with oversight of international business and operational units.

CORPORATE GOVERNANCE

Independence of Directors

Our Board of Directors determined that all directors, with the exception of Mr. Craig, are independent from EnerSys and our management under the listing standards of The New York Stock Exchange (“NYSE”). The Board considered the NYSE standards, the fact that there were no transactions or arrangements between the directors and EnerSys, other than the consideration for serving as a director, and all other relevant facts and circumstances in making these independence determinations and concluded that there were no material relationships between any of our directors and EnerSys.

There are no family relationships among our directors or executive officers.

Access to Corporate Governance Documents

Our corporate governance information and materials, including our Corporate Governance Guidelines, charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and Code of Business Conduct and Ethics, are available on the Investor Relations page of our website at www.enersys.com and any stockholder may obtain printed copies of these documents by writing to Investor Relations at: EnerSys, 2366 Bernville Road, Reading, Pennsylvania 19605, by e-mail at: investorrelations@enersys.com or by calling Investor Relations at (610) 236-4040. Information contained on the website is not incorporated by reference or otherwise considered part of this Proxy Statement.

Committees of our Board of Directors

Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each of which has the composition and responsibilities described below. The Board of Directors has determined that each committee member is independent under the NYSE listing standards. Our Board of Directors, from time to time, may establish other committees.

Audit Committee

Messrs. Chung, Katsaros, Marlo (Chairperson) and Muscari serve as members of our Audit Committee. The Board of Directors has determined that Mr. Marlo is an “audit committee financial expert,” as such term is defined in rules promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities

Exchange Act of 1934 (the “Exchange Act”). The Board of Directors has determined that Messrs. Chung, Katsaros, Marlo and Muscari are independent directors under the NYSE listing standards and the SEC rules and regulations applicable to audit committees and financially literate in accordance with the NYSE listing standards. Our Audit Committee held a total of five (5) meetings in the fiscal year ended March 31, 2012, three (3) of which were in person, and two (2) of which were held telephonically.

The Audit Committee is responsible for:

- appointing, compensating and overseeing our independent registered public accounting firm (“independent auditors”);
- overseeing management’s fulfillment of its responsibilities for financial reporting and internal control over financial reporting; and
- overseeing the activities of our internal audit function.

For additional information, see “Audit Committee Report” herein and the Audit Committee Charter, which is available on the Investor Relations page of our website at www.enersys.com.

Compensation Committee

Our Compensation Committee consists of Messrs. Ghasemi, Lehman (Chairperson), and Muscari, and Gen. Magnus.

The Compensation Committee is responsible for:

- reviewing and approving the compensation of our Chief Executive Officer (“CEO”) and the other named executive officers;
- reviewing and recommending to the Board the adoption of non-employee director compensation programs; and
- administering our equity plans and other incentive compensation plans.

More specifically, the Compensation Committee has sole authority to set the base salaries and approve equity-based and incentive-based compensation for our CEO and our other named executive officers. It engages its own independent compensation consultant, Frederic W. Cook & Co., Inc., to review the compensation levels of executives at our peer group companies and assess total compensation and make recommendations about changes in the compensation of our executives, including incentive and equity plan structure and performance goals. The consultant works with management on behalf of the Compensation Committee on matters under the Committee’s purview, but provides no services to management or the Company other than its work for the Committee. The Compensation Committee also considers recommendations from our CEO with respect to the base salary of our other named executive officers. The Compensation Committee utilizes a similar methodology, including advice from its consultant on compensation levels and structure, for recommending non-employee director compensation and meeting fees, which are subject to Board approval.

This Committee held a total of five (5) meetings in the fiscal year ended March 31, 2012, two (2) of which were in person and three (3) of which were held telephonically.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee (i) was, during fiscal year 2012, or had previously been an officer or employee of EnerSys or our subsidiaries nor (ii) had any direct or indirect material interest in a transaction of EnerSys or a business relationship with EnerSys, in each case that would require disclosure under

the applicable rules of the SEC. No other interlocking relationship existed between any member of the Compensation Committee or an executive officer of EnerSys, on the one hand, and any member of the compensation committee (or committee performing equivalent functions, or the full board of directors) or an executive officer of any other entity, on the other hand, requiring disclosure pursuant to the applicable rules of the SEC.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of Messrs. Hoffen and Katsaros (Chairperson) and Gen. Magnus. The Committee held a total of five (5) meetings in the fiscal year ended March 31, 2012, one (1) of which was held in person and four (4) of which were held telephonically.

The responsibilities of the Nominating and Corporate Governance Committee include the following:

- identifying, reviewing the qualifications of, and recruiting qualified candidates for board membership;
- reviewing the continuation of each director being considered for reelection;
- considering the contingent resignations of directors who do not receive a majority vote in connection with their respective election and recommend to the Board of Directors the action to be taken;
- making recommendations to the Board concerning the structure, composition and function of the board and its committees; and
- reviewing and assessing the adequacy of the Company's corporate governance documents.

Process for Selection of Director Nominee Candidates

The Nominating and Corporate Governance Committee believes that the minimum qualifications for serving as a director of EnerSys are that a candidate demonstrate, by significant accomplishments in his or her field, an ability to make a meaningful contribution to the Board of Directors' oversight of the business and affairs of EnerSys and have an impeccable record and reputation for honest and ethical conduct in his or her professional and personal activities. In addition, the Nominating and Corporate Governance Committee considers the following characteristics in reviewing director candidates:

- integrity and character;
- sound and independent judgment;
- breadth of experience;
- business acumen;
- leadership skills;
- scientific or technology expertise;
- familiarity with issues affecting global businesses in diverse industries; and
- diversity of backgrounds and experience.

In addition to these requirements, the Nominating and Corporate Governance Committee will also evaluate, in the context of the needs of the Board, whether the nominee's skills are complementary to the existing Board members' skills, and assess any material relationships with EnerSys or third parties that might adversely impact independence and objectivity, as well as such other criteria as the Nominating and Corporate Governance Committee determines to be relevant at the time. Except as described above, the Board and the Nominating and Corporate Governance Committee do not maintain a formal diversity policy. Diversity is one of many factors considered in the nomination of our directors.

The Nominating and Corporate Governance Committee, Committee Chairperson and/or our Chief Executive Officer interview director nominee candidates that meet the criteria, and the Nominating and Corporate Governance Committee selects candidates that best suit the Board's needs. We may from time to time hire an independent search firm to help identify and facilitate the screening and interview process of director candidates.

Stockholders may recommend qualified persons for consideration by the Nominating and Corporate Governance Committee. Stockholders making a recommendation must submit the same information as that required to be included by us in our Proxy Statement with respect to nominees of the Board of Directors. The stockholder recommendation should be submitted in writing, addressed to EnerSys at 2366 Bernville Road, Reading, Pennsylvania 19605, Attn: Richard W. Zuidema, Executive Vice President and Secretary.

The Nominating and Corporate Governance Committee's evaluation process does not vary based on whether or not a candidate is recommended by a stockholder. The Nominating and Corporate Governance Committee will also review the performance as a director of any person already serving on the Board of Directors of EnerSys in determining whether to recommend that the Director be re-nominated.

Board Leadership Structure

The Board believes that the most effective leadership structure for EnerSys at this time is one with a combined Chairman and Chief Executive Officer, coupled with a non-management Lead Director. Having the CEO serve as Chairman has a number of benefits. It promotes a cohesive vision and strategy for EnerSys and strong execution ability. It helps to assure clear and direct communication to the Board of any key enterprise risks. EnerSys has found that in our industry having a combined Chairman and CEO is particularly advantageous when doing business internationally, especially with foreign customers who value unified leadership and a single ultimate executive decision maker. Finally, it facilitates our ability to respond quickly to changing business needs and customer objectives. When taken together with each director's responsibility, the Board believes that the structure is currently optimal for EnerSys.

The Board created the position of Lead Director to strengthen Board oversight. The Lead Director must be a non-management director and must be deemed independent by the Board of Directors. The Lead Director works with the Chairman to approve Board agendas and schedules, advises on the quality, quantity and timeliness of information provided by management to the Board, and acts as a liaison between the independent directors and the Chairman of the Board. The Lead Director also chairs executive sessions of the independent directors not attended by management. The Board has established procedures for determining which non-management director will serve as the Lead Director. The Lead Director is designated by the Board of Directors. Mr. Hoffen has been designated as the Lead Director for fiscal year 2013.

The Board's Role in Risk Oversight

The Board oversees various risks potentially affecting EnerSys both directly and indirectly through its committees. EnerSys has in place a risk management program that, among other things, is designed to identify risks across EnerSys with input from each business unit and function. Material risks are identified and prioritized by management, and each prioritized risk is referred to a committee of the Board or the full Board for oversight. Members of the Board regularly review information regarding our credit, liquidity, and operations, as well as the risks associated with each. Also, the Compensation Committee periodically reviews the most important risks to EnerSys to ensure that compensation programs do not encourage excessive risk-taking.

Charters of the Committees of the Board of Directors

The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee each operate pursuant to a written charter adopted by the Board of Directors. Each Committee reviews its charter

at least annually. Copies of the charters are available on the Investor Relations page of our website at www.enersys.com or in print upon request. See “Corporate Governance—Access to Corporate Governance Documents.”

Director Attendance at Board, Committee and Annual Meetings

Our Corporate Governance Guidelines provide that directors are expected to attend meetings of the Board and meetings of the committees on which they serve. During fiscal year 2012, the Board of Directors met a total of three (3) times. Each director attended at least 75% of the total number of meetings of the Board and its committees on which the director served during the fiscal year, based on the number of such meetings held during the period for which each person served as a director or on a committee. It is our policy that directors are invited to the Annual Meeting but are not required to attend. Several of our directors, including the Chairman of the Board, attended the 2011 annual meeting of stockholders.

Executive Sessions of Non-Management Directors

The Board has established a policy requiring non-management directors to meet in executive session periodically during the course of each year.

Communications with the Board of Directors

Stockholders and other interested parties, who desire to communicate directly with any member (or all members) of the Board, any Board committee or any chair of any such committee, should submit such communication in writing addressed to the “Lead Director” or “Non-Management Directors,” at EnerSys, P.O. Box 14145, Reading, Pennsylvania 19612 or by email to the Lead Director or Non-Management Directors by going to www.enersys.com, under the link for Investor Relations and Corporate Governance. Communications intended for the full Board of Directors may be submitted in the same manner.

Stockholders, employees and other interested parties who desire to express a concern relating to accounting or auditing matters should communicate directly with our Audit Committee in writing addressed to the “Audit Committee Chair” at EnerSys, P.O. Box 14145, Reading, Pennsylvania 19612 or by e-mailing the Audit Committee by going to www.enersys.com, under the link for Investor Relations and Corporate Governance.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics that is applicable to our Chief Executive Officer, Chief Financial Officer and Controller, as well as our other officers, directors and employees. The code is available on the Investor Relations page of our website at www.enersys.com or in print upon request. See “Corporate Governance—Access to Corporate Governance Documents.” Any amendment to, or waiver from, the Code for such officers will be disclosed on the Investor Relations page of our website at www.enersys.com.

DIRECTOR COMPENSATION

We believe that the amounts and form of compensation and the methods used to determine compensation of our non-employee directors are important in (i) attracting and retaining directors who are independent, interested, diligent and actively involved in overseeing EnerSys’ affairs and (ii) more substantially aligning the interests of our non-employee directors with the interests of our stockholders. We do not separately compensate the director on our Board who is also an employee.

Compensation Paid to Board Members

In fiscal year 2012, our Compensation Committee retained the services of Frederic W. Cook & Co., Inc., as an independent compensation consultant to the Compensation Committee, to study a peer group of companies,

which is used to recommend the compensation of our named executive officers as we describe on page 20, and to assist the Compensation Committee in setting the compensation of our non-employee directors. Based in part on this study, the Compensation Committee recommended, and the Board approved, effective immediately following the 2011 annual meeting of stockholders, for fiscal year 2012, an annual retainer of \$57,500 in cash, as well as the meeting and other fees in the amounts set forth below:

- In-person committee meetings—\$1,500 each
- Telephonic committee meetings—\$750 each
- Audit Committee Chairperson—\$15,000 per year
- Compensation Committee Chairperson—\$10,000 per year
- Nominating and Corporate Governance Committee Chairperson—\$10,000 per year

Based in part on the current economic climate and the 2012 study performed by the independent compensation consultant, the Compensation Committee recommended, and the Board approved, effective immediately following this Annual Meeting, that there be an increase in the annual retainer to \$62,500 and an increase in the fee for service as our Compensation Committee chairperson. The following meeting and other fees, for fiscal year 2013 are as follows:

- In-person committee meetings—\$1,500 each
- Telephonic committee meetings—\$750 each
- Audit Committee Chairperson—\$15,000 per year
- Compensation Committee Chairperson—\$15,000 per year
- Nominating and Corporate Governance Committee Chairperson—\$10,000 per year

Equity Compensation

Based in part on the recommendation of the compensation consultant, for fiscal year 2012, the Compensation Committee recommended, and the Board approved, an award to each non-employee director of deferred stock units, with a fair market value on August 15, 2011, the date of the award, of \$100,000 of our common stock. We made these awards under the 2010 Stock Incentive Plan. These deferred stock units vested immediately upon the date of the award, and the payment of shares of common stock under this grant are payable upon such director's termination of service as a director, in accordance with applicable law, including Code Section 409A. For fiscal year 2013, on April 3, 2012, the Board approved an award of deferred stock units, with a fair market value on the date of the award of \$100,000 of our common stock, to each non-employee director serving on the Board as of the date of the Annual Meeting. The fiscal year 2013 award will vest on August 13, 2012, which is the date of the award. We will defer payment of shares of common stock to the directors under this award until their termination of service as a director, in accordance with applicable law, including Code Section 409A. We make all equity awards to non-employee directors under our stockholder-approved equity compensation plan. We made these awards in accordance with our policy on granting equity awards, which we describe on page 25.

Director Deferred Compensation Plan

Under the EnerSys Voluntary Deferred Compensation Plan for Non-Employee Directors, which we refer to as the "Director Plan," each non-employee director may defer receipt of all or a portion of any cash fees that are payable to the director for service on the Board.

Participants may elect to allocate the deferred fees (i) into an investment account, which investment options are the same as those available to our employees under our 401(k) retirement plan, or (ii) into a stock unit account, upon which the director will be awarded stock units pursuant to our stockholder-approved equity

compensation plan. If the director elects to allocate the deferred fees into the stock unit account, we will make an additional matching contribution in the amount of 20% of the deferred amount. Dividend equivalent units, if any, will be credited to each stock unit account. Each participant is 100% vested with respect to the amounts deferred to the stock unit deferral account. The matching contribution will be in the form of restricted stock units and will vest quarterly over one year from the date the units are credited to the account, except that participants will automatically become 100% vested in their matching contribution upon a change in control. All stock units are payable in shares of our common stock.

In past years, our non-employee directors may have deferred receipt of all or a portion of shares payable due to vesting of restricted stock units that were awarded them for service on the Board.

Under the Director Plan, at a director's election, the shares otherwise payable, together with any dividends thereon, are credited to a hypothetical bookkeeping account in the director's name and will be paid to the director in a lump sum at the time specified in the election or, if earlier, upon our change in control or the director's death.

The Director Plan is a non-qualified deferred compensation plan. The rights of all participants to any deferred amounts represent our unsecured promise to pay and the deferred amounts remain subject to the claims of our creditors.

Stock Ownership Guidelines

We have implemented stock ownership guidelines under which we expect each non-employee director to beneficially own shares of our common stock with a value equal to five times the annual director cash retainer, not including meeting or committee chair fees, paid to such director during the previous fiscal year. The Compensation Committee will measure stock ownership on an annual basis. We expect each director to attain the investment level by May 1, 2013, or five years from the date the director first becomes a non-employee director, if later. As of May 1, 2012, each non-employee director was on target to achieve the investment level established by the stock ownership guidelines.

Hedging Prohibition

We do not permit our non-employee directors to hedge their economic exposures to our common stock that they own by engaging in transactions involving puts, calls, or other derivative securities, or zero-cost collars, or forward sales contracts, or buying on margin, or pledging shares as collateral for a loan.

NON-EMPLOYEE DIRECTOR COMPENSATION FOR FISCAL YEAR 2012

The table set forth below summarizes the compensation that we paid to our non-employee directors for the fiscal year ended March 31, 2012. None of our non-employee directors received option awards, non-equity incentive plan compensation, pension, non-qualified deferred compensation, or any other compensation for the fiscal year ended March 31, 2012.

<u>Name</u>	<u>Fees Earned Paid in Cash</u>	<u>Stock Awards(1)(2)</u>	<u>Total</u>
Hwan-yoon F. Chung	\$65,432	\$100,000	\$165,432
Seifi Ghasemi	\$63,932(3)	\$112,781	\$176,713
Howard I. Hoffen	\$61,682	\$100,000	\$161,682
Arthur T. Katsaros	\$76,932(3)	\$115,375	\$192,307
John F. Lehman	\$73,932(3)	\$114,787	\$188,719
Gen. Robert Magnus, USMC (Retired)	\$69,182	\$100,000	\$169,182
Dennis S. Marlo	\$80,432	\$100,000	\$180,432
Joseph C. Muscari	\$70,682	\$100,000	\$170,682

- (1) On March 31, 2012, each of Messrs. Hoffen, Lehman, and Marlo held 5,000 vested stock options, and Mr. Katsaros held 2,500 vested stock options. On March 31, 2012, Messrs. Ghasemi, Katsaros and Lehman, held 314 unvested restricted stock units, 384 unvested restricted stock units, and 357 unvested stock units, respectively, under the Director Plan.

- (2) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the deferred stock units that we awarded to each non-employee director in fiscal year 2012 as we describe above. Assumptions used in the calculation of these amounts are included in the footnotes to our audited financial statements for the fiscal year ended March 31, 2012, included in our Annual Report on Form 10-K, which we filed on May 25, 2012.
- (3) This amount was deferred by each of Messrs. Ghasemi, Katsaros, and Lehman into a stock unit deferral account, pursuant to the terms of the Director Plan. They received a matching contribution of 459 restricted stock units, 557 restricted stock units, and 528 restricted stock units, respectively, which, under the terms of the Director Plan, vest quarterly over one year from the date of the deferral. All stock units are payable in shares of our common stock.

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors of EnerSys has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2013. No determination has been made as to what action the Audit Committee would take if stockholders do not ratify the appointment.

Ernst & Young LLP conducted the audit of the financial statements of EnerSys and its subsidiaries for the fiscal year ended March 31, 2012. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will be given an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from stockholders.

RECOMMENDATION

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR”
THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS ENERSYS’
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING
MARCH 31, 2013.**

AUDIT COMMITTEE REPORT

Background

The members of the Audit Committee are currently Directors Dennis S. Marlo (Chairperson), Hwan-yoon F. Chung, Arthur T. Katsaros and Joseph C. Muscari. For additional information relating to the members and responsibilities of the Audit Committee, see “Corporate Governance—Committees of our Board of Directors—Audit Committee.”

Responsibility

Management is responsible for the preparation of financial statements and the integrity of the reporting process, including the system of internal and disclosure controls.

The independent auditors are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles in the United States.

The primary responsibilities of the Audit Committee are to select, engage, and compensate our outside independent auditors and to oversee the financial reporting process on behalf of the Board. It is not the duty of the Audit Committee to prepare financial statements and related disclosures. It is also not the duty of the Audit Committee to plan or conduct audits, or to determine that our financial statements are complete and accurate and in accordance with generally accepted accounting principles in the United States.

Process and Recommendation

In fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended March 31, 2012, with our management and independent auditors, including a discussion of the quality, not just the acceptability, of the accounting principles as applied in our financial reports, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The Audit Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with management to discuss disclosure controls and procedures and internal control over financial reporting. The Audit Committee also meets with the internal and independent auditors, with and without our management present, to discuss the results of their examinations and overall quality of our financial reporting. The Audit Committee also reviewed with our CEO and CFO their certification relating to their evaluation of our disclosure controls, the completeness and accuracy of the financial statements and other financial information contained in the Form 10-K, and the process followed by the CEO and CFO to assure the truthfulness of such certificate.

The Audit Committee also discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of those financial statements with generally accepted accounting principles, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended. In addition, the Audit Committee has discussed with the independent auditors, the auditors' independence from EnerSys and its management, including the matters in the written disclosures and letters that were received by the Audit Committee from the independent auditors as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee regarding independence. During the course of the year, the Audit Committee also reviewed and considered the compatibility of its independent auditors' performance of certain non-audit services with the maintenance of such auditors' independence.

Based on the process referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.

Fees of Independent Auditors

The following table sets forth the aggregate fees for the fiscal year ended March 31, 2012, and March 31, 2011, incurred for services provided by our independent registered public accounting firm, Ernst & Young LLP.

<u>Description of Fees</u>	<u>Year Ended</u>	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Audit Fees , including fees associated with the annual audit of EnerSys and statutory audits required internationally, the reviews of EnerSys' quarterly reports on Form 10-Q, and for services provided in connection with the requirements of the Sarbanes-Oxley Act of 2002	\$3,322,000	\$3,166,725
Audit-Related Fees , including fees associated with target mergers and acquisitions and general accounting research and consultations	\$ 183,412	\$ 197,430
Tax Fees , including fees associated with income tax compliance, advice and planning	\$ 58,123	\$ 204,952
All Other Fees	\$ 2,225	\$ 2,000
Total	<u>\$3,565,760</u>	<u>\$3,571,107</u>

The Audit Committee considered whether the provision of non-audit services by our independent registered public accounting firm for the fiscal year ended March 31, 2012, was compatible with maintaining auditor independence. The Audit Committee pre-approved all fees for non-audit related services paid to our independent registered public accounting firm for fiscal years 2011 and 2012.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services by Independent Auditors

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the Audit Committee has received detailed information sufficient to enable the Audit Committee to pre-approve and evaluate such service. The Audit Committee has delegated pre-approval authority to the Chairman of the Committee of up to \$100,000, to pre-approve permitted non-audit services. Any pre-approval decisions made under this delegated authority are ratified by the Audit Committee at its next scheduled meeting.

Appointment of Independent Registered Public Accounting Firm for Fiscal Year 2013

The Audit Committee has appointed Ernst & Young LLP to conduct the audit of the financial statements of EnerSys and its subsidiaries for the fiscal year ending March 31, 2013. EnerSys stockholders are being asked to ratify the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm at the Annual Meeting to which this Proxy Statement relates.

Audit Committee

Dennis S. Marlo, Chairperson
Hwan-yoon F. Chung
Arthur T. Katsaros
Joseph C. Muscari

EXECUTIVE OFFICERS

Our current executive officers, and certain information regarding them, other than Mr. Craig, whose information is included under “Board of Directors,” are listed below. All data is as of June 6, 2012.

Michael J. Schmidtlein, age 51, Senior Vice President—Finance and Chief Financial Officer. Mr. Schmidtlein has served as Senior Vice President—Finance and Chief Financial Officer since February 2010. From November 2005 until February 2010, Mr. Schmidtlein was Vice President—Corporate Controller and Chief Accounting Officer. Prior thereto, Mr. Schmidtlein was the Plant Manager of our manufacturing facility in Warrensburg, Missouri. Mr. Schmidtlein joined the Energy Storage Group of Invensys plc, which EnerSys acquired in 2002, in 1995. Mr. Schmidtlein is a certified public accountant and received his Bachelor of Science degree in Accounting from the University of Missouri.

Raymond R. Kubis, age 58, President—Europe. Mr. Kubis has served as President—Europe, since March 2002. From October 1998 to March 2002, Mr. Kubis was Vice President, General Manager, Motive Power, for the Energy Storage Group of Invensys plc., which EnerSys acquired in 2002. Mr. Kubis received his Master of Business Administration degree from The Wharton School of the University of Pennsylvania and his Bachelor of Science degree in Accounting from the University of Illinois.

Todd M. Sechrist, age 46, Senior Vice President—Americas. Mr. Sechrist has served as our Senior Vice President—Americas since June 2010. From June 2005 until June 2010, Mr. Sechrist was our Vice President—Reserve Power Sales & Service for the Americas. Mr. Sechrist joined the Company in 1993, and served in various sales and marketing capacities in both the reserve and motive power businesses. Mr. Sechrist received his Master of Business Administration degree in Finance from St. Joseph’s University and his Bachelor of Science degree in Finance from Pennsylvania State University.

Richard W. Zuidema, age 63, Executive Vice President and Secretary. Mr. Zuidema has served as Executive Vice President and Secretary since August 2010. Mr. Zuidema served as Executive Vice President—Administration and Secretary from March 2002 until August 2010. From November 2000 until March 2002, Mr. Zuidema was Executive Vice President—Administration and International. He joined the Company’s predecessor in 1998. Mr. Zuidema received his Master of Business Administration degree from the University of Buffalo and his Bachelor of Science degree in Business Administration and Finance from the State University of New York.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

Our executive compensation program is structured and administered to support our vision, which is to be the global leader in our chosen markets for stored energy solutions, while maximizing long-term stockholder value. We also structure the program to link executive compensation to our financial performance and, through programs that use our common stock as a compensation medium, to more closely align the interests of executive management with those of our stockholders.

In making decisions on compensation in fiscal year 2012, the Compensation Committee evaluated the Company’s overall performance, including an increase in sales by 16% and an increase in adjusted diluted earnings per share by 20% in fiscal year 2012 over fiscal year 2011, as well as our positioning for long term growth.

The following is a summary of the elements of our compensation and benefits programs, and related actions in fiscal 2012:

<u>Pay Element</u>	<u>Description</u>	<u>2012 Actions</u>
Base Salary	Fixed cash compensation determined based on the executive's skill set and the market value for that skill set.	Increases ranged from 2.6% to 13.3%, based on individual performance and relative position versus market.
Cash Annual Incentives (Management Incentive Plan or MIP)	Cash-based annual incentive plan that is tied to performance versus corporate financial goals. The goals are weighted 85% to an earnings per share target and 15% to a primary working capital target.	Cash payout equal to 160% of target based on strong company performance in both earnings and working capital management.
Long-Term Incentives	Equity grants are in the form of 100% market share units (MSUs). MSUs provide the holder with the opportunity to earn from 0% to 200% of a target number of shares based on stock price performance over three years.	The actual value of MSUs granted in fiscal 2012 is tracking at 68% of the target grant value based performance through the end of the fiscal year. There are approximately two years left in the performance period for these MSUs.
Benefits	Medical and dental insurance coverage, short- and long-term disability insurance, life insurance, and a discount program for our products (same as for all non-unionized U.S. employees).	No changes from prior years.
Perquisites	Limited perquisites, including company car allowances and spousal travel benefits, club dues and supplemental life and disability insurance for Mr. Craig and certain amounts that we pay Mr. Kubis to compensate him for living overseas.	No changes from prior years.
Retirement	401(k) retirement plan, which includes a company match (same as for all non-unionized U.S. employees). Named executives are eligible to participate in non-qualified deferred compensation plan that permits the deferral of cash bonuses at their election.	In fiscal year 2012 an MSU deferral account was added as a deferral election under the deferred compensation plan. Otherwise there were no changes from prior years.

Executive Compensation Policy

We generally base our executive compensation program on the same objectives that guide us in establishing compensation programs for all our employees:

- Compensation should align the interests of higher-level employees, including executives, with the long-term interests of our stockholders through award opportunities that result in ownership of our common stock.

- Compensation should reward teamwork. Because our success depends on our ability to optimize our worldwide business, our compensation programs emphasize our total results rather than individual geographic or product line results.
- Compensation should be based on the level of job responsibility, as well as individual and corporate performance. As employees progress to higher levels in the organization, an increasing proportion of their pay should be linked to corporate performance and stockholder returns because they are more able to affect corporate results.
- Compensation should reflect the value of the job in the marketplace. To attract and retain a skilled work force, we must remain competitive with the pay of other employers who compete with us for talent.
- Compensation should foster the long-term focus required for success in our industry. While our key employees receive a mix of both annual and longer-term incentives, employees at higher levels have an increasing proportion of their compensation tied to longer-term performance because these employees are in a position to have greater influence on longer-term results.
- To be effective motivation, performance-based compensation programs should enable employees to easily understand how their efforts can affect their pay through contributing to our achievement of our strategic and operational goals.
- The programs and individual pay levels will always reflect differences in job responsibilities, geographies, and marketplace considerations, although the overall structure of compensation and benefit programs should be broadly similar across the organization.

Determination of Compensation

The Compensation Committee reviews and approves each named executive officer's base pay, bonus, and equity incentive compensation annually, with the guidance of the Compensation Committee's independent compensation consultant, Frederic W. Cook & Co., Inc. The Compensation Committee takes into account a number of factors to determine the compensation for the named executive officers and to ensure that our executive compensation program is achieving its objectives. Among those are:

- *Assessment of Corporate Performance.* The Compensation Committee uses corporate performance measures in two ways. First, in establishing total compensation ranges, the Compensation Committee considers our performance within our industry using various measures, including sales growth, stock price, EBITDA, and net income. Second, as we describe in more detail below, the Compensation Committee has established specific corporate performance measures that determine the size of payments under our Management Incentive Plan.
- *Assessment of Individual Performance.* Individual performance affects the compensation of our employees, including the CEO and the other named executive officers. The Compensation Committee has adopted a formal evaluation process for our CEO. Each member of our Board provides a written, subjective evaluation of our CEO, on an anonymous basis, covering a broad range of criteria. The evaluations are summarized by Frederic W. Cook & Co., Inc., and the Compensation Committee considers them in setting the CEO's compensation. For each other named executive officer, the Compensation Committee receives a recommendation from the CEO and also exercises its judgment based on the Committee's interactions with the executive officer.

- **Benchmarking.** The Compensation Committee benchmarked our compensation programs in fiscal years 2012 and 2013 with a peer group consisting of the following companies, which companies are broadly similar with respect to industry (generally, manufacturers of electrical components and equipment) and size (based on revenues and market capitalization):

Ametek, Inc.	Franklin Electric Company, Inc.
A.O. Smith Corporation	GrafTech International Ltd.
AVX Corporation	Hubbell Incorporated
Baldor Electric	Regal - Beloit Corporation
C&D Technologies, Inc.	Spectrum Brands, Inc.
Energizer Holdings, Inc.	Thomas & Betts Corporation
Exide Technologies	Woodward Governor Company

The Compensation Committee evaluates our compensation program versus that of the peer companies with respect to both individual pay levels as well as the structure of the program. The Compensation Committee uses this data primarily to ensure that our executive compensation program as a whole is competitive. Based upon the most recent comparative pay information, the total target base compensation and annual incentive opportunities for our named executive officers ranges from approximately the median to the 75th percentile, and the long-term incentive opportunities for our named executive officers approximates the 75th percentile. Given our better than target earnings per share and primary working capital achievement for fiscal year 2012, the Compensation Committee believes this target percentile range for compensation is at a level consistent with our executive compensation philosophy.

Components of Executive Compensation

Our executive compensation program is comprised of base salary, annual incentive opportunities in the form of cash awards based upon our fiscal year performance, and long-term incentive opportunities in the form of equity-based compensation. As more fully described in the section entitled “Deferred Compensation Plan,” certain of our executives, including the named executive officers, may elect to defer receipt of all or a portion of their cash bonuses. In addition, we generally provide the named executive officers with the same employee benefits as we provide to our other eligible non-unionized U.S. employees, and we also provide limited perquisites and personal benefits, as described in the footnotes following the Summary Compensation Table. Mr. Kubis, a U.S. citizen, receives substantially the same employee benefits as our other named executive officers, except that he receives an annual cost of living adjustment and certain additional perquisites to compensate him for working and living in Europe, as we more completely describe in the footnotes following the Summary Compensation Table.

We do not cover our named executive officers under any defined benefit pension or supplemental executive retirement plans.

Base Salary

Base salary is the fixed element of our named executive officers’ cash compensation. The Compensation Committee generally considers whether each executive’s base salary should be increased based on individual performance with a view toward ensuring that the base salary is competitive with that of executives in peer companies with comparable roles and responsibilities.

With assistance from the Compensation Committee’s independent compensation consultant, the Compensation Committee annually sets the base salary of our named executive officers. The Compensation Committee solicits the CEO’s recommendation with respect to the base salaries of our named executive officers, other than the CEO.

For fiscal year 2012, the Compensation Committee considered the aforementioned factors and current performance, success and achievements of the business, as well as the recommendations of its independent compensation consultant, and determined that it was in the best interest of the stockholders to increase the base salaries for Mr. Craig and the other named executive officers.

For fiscal year 2013, the Compensation Committee considered the success of our business and the performance and achievement of Mr. Craig and the other named executive officers in the previous fiscal year, as well as the recommendations of its independent compensation consultant, in determining that it was in the best interest of the stockholders to increase the base salaries for Mr. Craig and the other named executive officers.

The base salaries of Mr. Craig and each of the other named executive officers for fiscal years 2012 and 2013 are as follows:

<u>Name</u>	<u>2012</u>	<u>2013</u>
John D. Craig	\$900,000	\$930,000
Michael J. Schmidtlein	\$340,000	\$380,000
Raymond R. Kubis	\$622,329(1)	\$642,258(2)
Todd M. Sechrist	\$305,000	\$340,000
Richard W. Zuidema	\$425,000	\$459,000

(1) 600,000 Swiss francs, 454,500 of which is payable in Swiss francs and has been converted to U.S. dollars at the exchange rate on March 31, 2012, of \$1.1072 per Swiss franc, and 145,500 of which is payable in U.S. dollars at a fixed exchange ratio of \$0.8186 per Swiss franc.

(2) 618,000 Swiss francs, 472,500 of which is payable in Swiss francs and has been converted to U.S. dollars at the exchange rate on March 31, 2012, of \$1.1072 per Swiss franc, and 145,500 of which is payable in U.S. dollars at a fixed exchange rate of \$0.8186 per Swiss franc.

Management Incentive Plan

Annually, under our Management Incentive Plan, which we refer to as the “MIP,” our executives and key management personnel, including the named executive officers, may receive a cash bonus upon satisfaction of pre-established financial targets. Under the MIP, the Compensation Committee annually establishes financial targets for the MIP. Consistent with our compensation policy, individuals with greater job responsibilities have a greater portion of their total cash compensation tied to our corporate performance through the MIP.

Under the MIP, each participant has minimum, target, and maximum potential cash bonus payouts, which the Compensation Committee establishes at the beginning of each fiscal year. The Compensation Committee bases the potential payments on each participant’s job responsibilities and position within our organization. The potential payouts are stated as a percentage of base salary. In establishing the targets, significant consideration is given to our prior year’s performance. Satisfactory individual performance is a condition to payment and the Committee can, at its discretion, reduce an individual’s payment under the MIP.

The Compensation Committee believes that these performance measures encourage participants to focus appropriately on improving both our net earnings and balance sheet strength. These performance measures are also effective motivators because they can be readily tracked and are easily understandable by the MIP participants.

For purposes of the MIP, the Compensation Committee adjusts the reported earnings and primary working capital percentage results to reflect the effect of certain extraordinary events. The adjustments are intended to ensure that award payments represent the underlying growth of our core business and are not artificially inflated or deflated due to extraordinary events in the applicable fiscal year.

At the end of each fiscal year, the Compensation Committee, in the case of the CEO and other named executive officers, has discretion to adjust an award payout downward based upon individual performance, as discussed above. The Compensation Committee did not exercise this discretion in fiscal year 2012.

Fiscal Year 2012 MIP Targets and Payout

The Compensation Committee considered the following when establishing the potential awards for fiscal year 2012:

- **Bonus Targets.** Mr. Craig's minimum, target, and maximum bonus targets for fiscal year 2012 were 15%, 100%, and 200% of base salary, respectively. The other named executive officer's minimum, target, and maximum bonus targets for fiscal year 2012 were 9%, 60%, and 120% of base salary, respectively.
- **Company Performance Measures.** For all participants in the MIP, including our CEO and named executive officers, the Compensation Committee established fiscal year 2012 performance measures based 85% on earnings per share and 15% on primary working capital percentage, which we define as a monthly average of trade accounts receivable, plus inventories, minus trade accounts payable with the net amount divided by an annualized trailing three month net sales. The performance goals for fiscal year 2012 were determined in connection with the approval of the fiscal year budget. The Compensation Committee believes it set the minimum, target, and maximum performance measures for fiscal year 2012 such that the performance goals were aggressive and, therefore, were reasonably difficult to attain.

<u>Measurement</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Earnings Per Share	\$2.00	\$2.75	\$3.25
Primary Working Capital Percentage	26.3%	25.8%	25.3%

The bonuses paid to our CEO and other named executive officers for fiscal year 2012 were 160% of their respective targeted bonus percentages based upon the achievement of adjusted earnings per share of \$3.07 and 25.6% primary working capital percentage for MIP purposes. Consistent with past practice and based on criteria established at the beginning of the performance period in accordance with the terms of the MIP as described above, the Compensation Committee adjusted the GAAP earnings and primary working capital percentage results on which fiscal year 2012 bonuses were determined to eliminate the effect of items incurred in connection with the restructuring of our operations and acquisition related activities. We set forth the amounts paid for fiscal year 2012 performance under the MIP in the Summary Compensation Table.

Long-Term Equity Incentive Compensation

The Compensation Committee has the ability to make various types of equity awards to our named executive officers under our 2010 Equity Incentive Plan. Although the 2010 Equity Incentive Plan permits other types of awards as well, for fiscal years 2012 and 2013, we awarded equity in the form of performance-based market share units to our named executive officers.

A market share unit award is a grant of stock units that a participant may earn based on the performance of our stock price over a three-year period. Each market share unit award provides that the applicable named executive officer may, at the end of the three-year performance cycle, receive shares of our common stock ranging from 0% to 200% of the number of market share units granted depending on the performance of our common stock over the three-year performance period. Stock price performance is calculated using the average of the closing share prices of our common stock during the 90-day period immediately preceding the date of grant and the 90-day period immediately preceding the third anniversary of the date of grant. Thus, if the stock price goes up, the result is an increase in the shares earned, up to the earnout cap, at an increased stock price. Conversely, if the stock price declines, the result is a decrease in the shares earned at a decreased stock price. Unlike stock options, which we also may award under the 2010 Equity Incentive Plan, if the market price for our common stock falls below its stock price on the date of grant, the market share unit continues to retain some value.

In addition to market share units, under the 2010 Equity Incentive Plan we may grant other forms of awards to our named executive officers, including restricted stock, restricted stock units, and stock options, but we have not made any such awards to our named executive officers in fiscal years 2012 or 2013.

In addition to awards under our 2010 Equity Incentive Plan, certain of our named executive officers have outstanding awards that we granted to them under our 2004 Equity Incentive Plan and the Amended and Restated 2006 Equity Incentive Plan. See “Outstanding Equity Awards as of March 31, 2012,” for more information on these awards.

Fiscal Year 2012 Equity Awards

On March 31, 2011, the Compensation Committee approved equity awards to the named executive officers, which we granted on May 16, 2011. As in prior years, the Compensation Committee determined a total potential value for each executive’s award based on a level that was approximately equivalent to the 75th percentile relative to the value of our peer companies’ long-term incentive grants. In evaluating the aggregate amount of equity compensation to be granted to all employees, the Compensation Committee compared the value of the awards, as a percentage of our capitalization, to that of our peer companies, which ranged from the median to the 75th percentile. The market share units vest three years from the date of grant.

The fiscal year 2012 equity awards were as follows:

<u>Name</u>	<u>Number of Market Share Units</u>	<u>Total Value(1)</u>
John D. Craig	67,482	\$3,263,430
Michael J. Schmittlein	15,183	\$ 734,250
Raymond R. Kubis	15,183	\$ 734,250
Todd M. Sechrist	15,183	\$ 734,250
Richard W. Zuidema	15,183	\$ 734,250

- (1) The value of each market share unit on the date of grant was \$48.36. We determined the total value of each award as of the date of grant using a binomial lattice model, which assumptions and value may be different from the value we use for financial accounting purposes.

Fiscal Year 2013 Equity Awards

On April 3, 2012, the Compensation Committee approved awards of market share units to the named executive officers, which we granted on May 14, 2012, to more closely align their compensation with our share price performance. As in prior years, the Compensation Committee determined a total potential value for each executive’s award based on a level that was approximately equivalent to the 75th percentile relative to the value of our competitors’ long-term incentive grants. In evaluating the aggregate amount of equity compensation to be granted to all employees, the Compensation Committee compared the value of the awards, as a percentage of our capitalization, to that of our peer companies, which was between the median and the 75th percentile. The fiscal year 2013 equity awards to each of the named executive officers were as follows:

<u>Name</u>	<u>Number of Market Share Units</u>	<u>Total Value(1)</u>
John D. Craig	94,213	\$3,875,000
Michael J. Schmittlein	18,113	\$ 745,000
Raymond R. Kubis	15,196	\$ 625,000
Todd M. Sechrist	15,196	\$ 625,000
Richard W. Zuidema	22,976	\$ 945,000

- (1) The value of each market share unit on the date of grant was \$41.13. We determined the total value of each award as of the date of grant using a binomial lattice model, which assumptions and value may be different from the value we use for financial accounting purposes.

Deferred Compensation Plan

On May 1, 2008, the Compensation Committee adopted the EnerSys Voluntary Deferred Compensation Plan for Executives, which we refer to as the “Deferred Compensation Plan,” under which participants who are

among a select group of management and highly compensated employees may elect to defer receipt of all or a portion of any cash bonus payable to such participants with respect to a fiscal year. Under the Deferred Compensation Plan, which was effective April 1, 2009, and was amended effective August 5, 2010, and May 26, 2011, each participant must make an irrevocable deferral election before the beginning of the fiscal year to which the cash bonus relates or, in the case of “performance-based compensation,” on or before six months before the end of such fiscal year. Participants can elect to receive distributions of their accounts in the Deferred Compensation Plan, either in a lump sum or in installments, (i) upon their termination of employment, (ii) on a specified date, or (iii) upon a change in control.

A participant may elect to allocate the deferred amounts into an investment account and select among various investment options upon which the rate of return of the deferred amounts will be based. The participants’ investment accounts are adjusted periodically to reflect the deemed gains and losses attributable to the deferred amounts. The specific investment options are the same investment options available to our employees under our 401(k) retirement plan. Each participant is always 100% vested in their investment accounts.

Alternatively, participants may elect to allocate the deferred amounts to a stock unit deferral account or a market share unit deferral account. All amounts allocated to the stock unit account or the market share unit account are invested in restricted stock units or market share units, respectively, awarded under our 2010 Equity Incentive Plan. If a participant elects to allocate the deferred amounts to the stock unit or market share unit account, we will make an additional matching contribution in the amount of 20% of the deferred amount. Dividend equivalent units, if any, will be credited to each stock unit account. Each participant is 100% vested with respect to the amounts deferred to the deferral account. The matching contribution will vest over three years from the last date of the fiscal year to which the amounts relate, except that participants will automatically become 100% vested in their matching contribution upon a change in control. All stock units and market share units are payable in shares of our common stock.

The Deferred Compensation Plan is a non-qualified deferred compensation plan. The rights of all participants to any deferred amounts represent our unsecured promise to pay and the deferred amounts remain subject to the claims of our creditors.

Currently, none of our named executive officers participate in the Deferred Compensation Plan.

Employment and Related Agreements

Prior to our initial public offering, we entered into employment agreements with Messrs. Craig, Kubis, and Zuidema. In addition, on July 1, 2007, we entered into an employment agreement with Mr. Kubis as a result of his relocation from Brussels, Belgium to Zurich, Switzerland, and on May 26, 2011, we entered into a severance agreement with Mr. Schmidtlein. We describe these agreements under the heading “Employment Agreements.” We describe the termination and change-in-control provisions of these agreements under the heading “Potential Payments Upon Termination or Change-In-Control.”

Employee Benefits

We generally offer all our eligible non-unionized U.S. employees, including the named executive officers, core employee benefits coverage. The benefits include medical and dental coverage, short-term disability insurance, life insurance, and a discount program for our products. All eligible non-unionized U.S. employees, including the named executive officers, may also obtain at their expense, long term disability insurance coverage, and participate in a 401(k) retirement plan as a means to save for retirement on a tax-advantaged basis. We provide a matching contribution under the 401(k) plan to all eligible participants.

Each of our employees, including the named executive officers, partially bears the cost of certain employee benefits.

Perquisites

We provide limited perquisites and personal benefits to our named executive officers. You can find information about these perquisites in the footnotes to the Summary Compensation Table.

Other Matters

Currency Conversion for Mr. Kubis

During fiscal years 2010, 2011, and 2012, Mr. Kubis, a US citizen, worked and lived in Zurich, Switzerland, and we paid him partly in U.S. dollars and partly in Swiss francs. For purposes of this Proxy Statement, we have converted the amounts of compensation that Mr. Kubis received in Swiss francs to U.S. dollars. For fiscal year 2010, we used the exchange rate as of March 31, 2010, of \$1.0641 per Swiss franc. For fiscal year 2011, we used the exchange rate as of March 31, 2011, of \$1.0917 per Swiss franc. For fiscal year 2012, we used the exchange rate as of March 31, 2012, of \$1.1072 per Swiss franc. We converted the amounts that were paid or payable to Mr. Kubis in U.S. dollars in fiscal years 2010, 2011, and 2012 from Swiss francs using a fixed exchange rate of \$0.8186 per Swiss franc pursuant to the terms of his employment agreement.

Policy on Granting Equity Awards

We have a written policy on granting equity awards. The policy provides the authority for granting awards, the procedure for granting awards. The Compensation Committee has the authority to make all equity awards to employees of the Company. In addition, within certain limitations, the Compensation Committee may delegate authority to our CEO to make awards to employees below the senior vice president level.

While stock options have not been granted since fiscal year 2010, the exercise price of stock options is always no less than the closing price of our stock on the grant date. Subject to applicable local law, the grant date for equity awards to all eligible participants, including our named executive officers, is on the first business day after the grant approval date that our stock trading window is open and that is not otherwise within our stock trading blackout policy. These procedures provide assurance that the grant dates are not being manipulated to result in an exercise price that is favorable to us or our employees.

Hedging Prohibition

We do not permit our employees to hedge their economic exposures to our common stock that they own by engaging in transactions involving puts, calls, or other derivative securities, or zero-cost collars, or forward sales contracts, or buying on margin, or pledging shares as collateral for a loan.

Tax Deductibility of Executive Compensation

We generally seek to maximize deductibility for tax purposes of all elements of compensation. The Compensation Committee reviews compensation arrangements in light of applicable tax provisions, including Code Sections 162(m) and 280G and may revise compensation plans and arrangements from time to time to maximize deductibility. The Compensation Committee may, however, approve compensation or compensation arrangements that do not qualify for maximum deductibility when the Compensation Committee deems it to be in our best interest. In fiscal years 2010, 2011, and 2012, no named executive officer received compensation that was not fully deductible.

Stock Ownership Guidelines

The Compensation Committee has adopted stock ownership guidelines for both executives and non-employee directors effective May 1, 2008. We intend that the guidelines align the interests of our executives and non-employee directors with those of the stockholders and ensure that the executives and directors

responsible for overseeing operations have an ongoing financial stake in our success. The stock ownership guidelines provide that we expect our CEO to attain and maintain an investment level in stock equal to six times his annual base salary. We expect the other named executive officers to attain and maintain an investment level equal to three times their annual base salary. We describe the stock ownership guidelines for our non-employee directors under "Director Compensation." We expect that each individual attain such investment levels by May 1, 2013, or five years from the date a specified ownership level commences, if later. Shares beneficially owned by the individual and restricted stock units awarded for fiscal year 2009, 2010, and 2011, whether vested or unvested, will be included in calculating ownership levels. We will measure the ownership levels on an annual basis. As of May 1, 2012, all of our named executive officers were on target to achieve their respective investment level set forth in the guidelines.

Review of Compensation Policies and Practices in Relation to Risk

During fiscal 2012, the Company and the Compensation Committee, with the assistance of the compensation consultant, conducted a review of our compensation policies and practices, and concluded that they do not motivate imprudent risk taking. The Company's compensation policies and practices were evaluated to ensure that they do not foster risk taking above the level of risk associated with our business model. For this purpose, the Company and the Compensation Committee considered our growth and return performance, volatility and leverage, and compared them to the performance metrics, leverage, and time horizon of our compensation policies and practices. Based on this assessment, the Company concluded that it has a balanced pay and performance program and does not promote excessive risk taking.

COMPENSATION COMMITTEE REPORT

The Compensation Committee evaluates and establishes compensation for our named executive officers and oversees our equity incentive plans, the MIP, and our benefit and perquisite programs. Management has the primary responsibility for our financial statements and reporting process, including the disclosure of executive compensation. With this in mind, we have reviewed and discussed with management the Compensation Discussion and Analysis found on pages 17 to 26 of this report. The Compensation Committee is satisfied that the Compensation Discussion and Analysis fairly and completely represents the philosophy, intent, and actions of the Compensation Committee with regard to executive compensation. We recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, for filing with the Securities and Exchange Commission.

Compensation Committee

John F. Lehman, Chairperson

Seifi Ghasemi

Robert Magnus

Joseph Muscari

SUMMARY COMPENSATION TABLE

The following table summarizes the compensation earned in fiscal years 2010, 2011, and 2012, by our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers. We collectively refer to these individuals as the “named executive officers.” We made no discretionary bonus payments to any of our named executive officers in fiscal years 2010, 2011, or 2012, and we did not maintain any defined benefit pension arrangements, and none of our named executive officers deferred or accrued amounts under the Deferred Compensation Plan for Executives for fiscal years 2010, 2011, or 2012; accordingly we have omitted the “Bonus” and “Change in Pension Value and Non-Qualified Deferred Compensation Earnings” columns from the table.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Stock Awards(1)</u>	<u>Option Awards(1)</u>	<u>Non-Equity Incentive Plan Compensation(2)</u>	<u>All Other Compensation</u>	<u>Total</u>
John D. Craig Chairman, President, Chief Executive Officer and Director	2012	\$900,000	\$3,263,430	\$ 0	\$1,443,600	\$ 95,336(3)	\$5,702,366
	2011	\$875,000	\$2,699,998	\$ 0	\$1,750,000	\$ 78,145	\$5,403,143
	2010	\$850,000	\$1,077,122	\$1,497,723	\$1,700,000	\$ 77,482	\$5,202,327
Michael J. Schmidtlein Senior Vice President- Finance and Chief Financial Officer	2012	\$340,000	\$ 734,250	\$ 0	\$ 327,216	\$ 32,589(4)	\$1,434,055
	2011	\$300,000	\$ 599,976	\$ 0	\$ 360,000	\$ 25,225	\$1,285,201
	2010	\$209,712	\$ 162,000	\$ 0	\$ 196,198	\$ 22,275	\$ 590,185
Raymond R. Kubis President-Europe	2012	\$622,329(5)	\$ 734,250	\$ 0	\$ 639,342	\$305,946(6)	\$2,301,867
	2011	\$598,908	\$ 599,976	\$ 0	\$ 766,373	\$315,234	\$2,280,491
	2010	\$565,496	\$ 301,595	\$ 842,484	\$ 721,460	\$353,989	\$2,785,024
Todd M. Sechrist Senior Vice President- Americas	2012	\$305,000	\$ 734,250	\$ 0	\$ 293,532	\$ 42,044(7)	\$1,374,826
	2011	\$251,575	\$ 205,360	\$ 0	\$ 281,494	\$ 27,376	\$ 765,805
Richard W. Zuidema Executive Vice President and Secretary	2012	\$425,000	\$ 734,250	\$ 0	\$ 409,020	\$ 41,010(8)	\$1,609,280
	2011	\$412,000	\$ 599,976	\$ 0	\$ 494,400	\$ 35,240	\$1,541,616
	2010	\$400,000	\$ 301,595	\$ 636,484	\$ 480,000	\$ 29,989	\$1,848,068

- (1) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the applicable awards. See “Note 16 Stock-Based Compensation” to our consolidated financial statements set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010, and “Note 17 Stock-Based Compensation” to our consolidated financial statements set forth in our Annual Report on Form 10-K for the fiscal years ended March 31, 2011, and March 31, 2012, for the assumptions made in calculating these amounts.
- (2) Represents annual incentive amounts paid to the named individuals under the MIP. We discuss the MIP in further detail in the section entitled “Management Incentive Plan.”
- (3) Consists of our 401(k) plan contributions in the amount of \$12,510; life and disability insurance premiums in the amount of \$38,237; spousal travel expenses; tax reimbursements for spousal travel in the amount of \$2,029; personal use of company-provided automobile in the amount of \$25,665; and club membership dues.
- (4) Consists of our 401(k) plan contributions in the amount of \$12,667; spousal travel expenses; tax reimbursements for spousal travel in the amount of \$2,070; and personal use of company-provided automobile.
- (5) 600,000 Swiss francs, 454,500 of which is payable in Swiss francs and has been converted to U.S. dollars at \$1.1072 per Swiss franc, and 145,500 of which is payable in U.S. dollars at a fixed exchange ratio of \$0.8186 per Swiss franc.
- (6) Consists of our 401(k) plan contributions in the amount of \$12,250; tax protection and advisory costs in the amount of \$91,235; premiums for personal injury insurance; personal use of the company-provided automobile; family travel expenses; housing allowance of \$78,124; and cost of living adjustment in the amount of \$100,086. All amounts have been converted from Swiss francs to U.S. dollars at \$1.1072 per Swiss franc.
- (7) Consists of our 401(k) plan contributions in the amount of \$12,563; spousal travel expenses; tax reimbursements for spousal travel in the amount of \$2,865; and personal use of company-provided automobile.
- (8) Consists of our 401(k) plan contributions in the amount of \$12,385; spousal travel expenses; tax reimbursements for spousal travel in the amount of \$1,233; personal use of company-provided automobile; and membership dues.

Employment Agreements

Employment Agreement with Mr. Craig

We entered into an employment agreement with Mr. Craig on November 9, 2000. Mr. Craig's employment agreement is for a three-year term that is automatically extended on a daily basis to continue for three years from the date of such extension. Mr. Craig's employment agreement provides that we will nominate and use our best efforts to cause our stockholders to elect him as a director and as Chairman of the Board.

Mr. Craig's employment agreement also provides that he may not compete with our business or solicit any of our customers or employees for three years following termination of his employment. Under his employment agreement and contingent upon meeting goals that the Compensation Committee will establish, Mr. Craig is entitled to an annual target bonus of up to 100% of his base salary. See "Potential Payments upon Termination or Change in Control" for information about our obligations under Mr. Craig's employment agreement to provide certain payments to him upon his termination of employment.

Severance Letter Agreement with Mr. Schmidtlein

We entered into a severance letter agreement with Mr. Schmidtlein on May 26, 2011, which provides for severance benefits upon his termination of employment in connection with a change in control. The severance letter agreement is for an initial three-year term that is automatically renewed for an additional one-year term thereafter unless either party gives their respective notice of intent not to renew. Mr. Schmidtlein's severance letter agreement also provides that he may not compete with our business or solicit any of our customers or employees for one year following his termination of employment for any reason. See "Potential Payments upon Termination or Change in Control" for information about our obligations under the severance letter agreement with Mr. Schmidtlein to provide certain payments to him upon his termination of employment in connection with a change in control.

Employment Agreement with Mr. Kubis

Mr. Kubis is employed pursuant to an employment agreement dated as of July 1, 2007, as amended. The employment agreement is not for a specific term and provides that either party can terminate the agreement at any time, subject to the statutory notice requirement applicable to employers in Switzerland, and generally provides that Mr. Kubis may not compete with our business or solicit any of our employees for at least two years following termination of his employment.

Under his employment agreement and contingent upon meeting goals established by the Compensation Committee, Mr. Kubis is entitled to an annual target bonus of up to 60% of his base salary for fiscal year 2012, and 70% of his base salary beginning in fiscal year 2013. The employment agreement provides that Mr. Kubis is entitled to:

- the use of a company car or a car allowance;
- receive reimbursement for certain expenses that Mr. Kubis incurs as a result of being located outside of the United States;
- air travel to and from the United States for Mr. Kubis and his spouse;
- tax preparation and consulting services;
- premium for personal injury insurance;
- a housing allowance; and
- certain cost of living adjustments.

See "Potential Payments upon Termination or Change in Control" for information about our obligations under Mr. Kubis's employment agreement to provide certain payments to him upon his termination of employment.

Employment Agreement with Mr. Zuidema

We entered into an employment agreement with Mr. Zuidema on November 9, 2000. The employment agreement, as amended, is for a two-year term that automatically extends on a daily basis to continue for two years from the date of such extension. The term of the agreement will not extend past Mr. Zuidema's 65th birthday, unless we specify to the contrary. The employment agreement provides that Mr. Zuidema may not compete with our business or solicit any of our customers or employees for two years following his termination of employment. Under his employment agreement and contingent upon meeting goals established by the Compensation Committee, Mr. Zuidema is entitled to an annual target bonus of up to 60% of his base salary for fiscal year 2012, and 70% of his base salary beginning in fiscal year 2013. See "Potential Payments upon Termination or Change in Control" for information about our obligations under our employment agreement with Mr. Zuidema to provide certain payments to him upon his termination of employment.

GRANTS OF PLAN-BASED AWARDS TABLE FOR FISCAL YEAR 2012

Name	Grant Date	Committee Action Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)			All other stock awards: number of shares of stock or units (#)	All other option awards: number of securities underlying options (#)	Exercise or base price of option awards (\$/Sh)	Grant date fair value of stock and option awards(3)
			Threshold	Target	Maximum				
John D. Craig	5/16/11	3/31/11	\$135,000	\$900,000	\$1,800,000	67,482(4)			\$3,263,430
Michael J. Schmittlein	5/16/11	3/31/11	\$ 30,600	\$204,000	\$ 408,000	15,183(4)			\$ 734,250
Raymond R. Kubis	5/16/11	3/31/11	\$ 59,789(5)	\$398,592(5)	\$ 797,184(5)	15,183(4)			\$ 734,250
Todd M. Sechrist	5/16/11	3/31/11	\$ 27,450	\$183,000	\$ 366,000	15,183(4)			\$ 734,250
Richard W. Zuidema	5/16/11	3/31/11	\$ 38,250	\$255,000	\$ 510,000	15,183(4)			\$ 734,250

- (1) We made all equity awards to the named executive officers in fiscal year 2012 in accordance with our policy on granting equity awards, which we describe on page 25.
- (2) The amounts shown in the columns are the threshold, target, and stretch goal (maximum) potential amounts that were payable under the MIP. No amounts were payable if threshold performance was not achieved for at least one performance goal. See "Compensation Discussion and Analysis" for a discussion of the amounts actually earned for fiscal years 2010, 2011, and 2012.
- (3) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the applicable awards. See "Note 17 Stock-Based Compensation" to our consolidated financial statements set forth in our Annual Report on Form 10-K for the fiscal years ended March 31, 2012, for the assumptions made in calculating these amounts.
- (4) Reflects market share unit award that we describe in the section entitled "Fiscal Year 2012 Equity Awards."
- (5) Swiss francs have been converted to U.S. dollars at an exchange rate on March 31, 2012, of \$1.1072 per Swiss franc.

OUTSTANDING EQUITY AWARDS AS OF MARCH 31, 2012

The following table sets forth the outstanding equity awards held by our named executive officers at the end of the 2012 fiscal year.

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options	Option Exercise Price (\$ per share)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(1)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
John D. Craig	41,724			\$18.25	5/29/2017	10,351(3)	\$ 358,662	58,781(6)		\$2,635,232(7)
	124,626			\$30.19	5/21/2018	33,245(4)	\$1,151,939	67,482(8)		\$2,048,846(9)
	119,566	59,802(2)		\$16.20	5/18/2019	19,722(5)	\$ 683,367			
Michael J. Schmidtlein	7,691			\$18.25	5/29/2017	1,657(3)	\$ 57,415	13,062(6)		\$ 585,587(7)
						5,000(4)	\$ 173,250	15,183(8)		\$ 460,977(9)
						4,383(5)	\$ 151,871			
Raymond R. Kubis	34,895			\$30.19	5/21/2018	2,899(3)	\$ 100,450	13,062(6)		\$ 585,587(7)
		16,745(2)		\$16.20	5/18/2019	9,309(4)	\$ 322,557	15,183(8)		\$ 460,977(9)
						4,383(5)	\$ 151,871			
Todd M. Sechrist						1,657(3)	\$ 57,415	15,183(8)		\$ 460,977(9)
						5,000(4)	\$ 173,250			
						6,000(5)	\$ 207,900			
Richard W. Zuidema	17,818			\$18.25	5/29/2017	2,899(3)	\$ 100,450	13,062(6)		\$ 585,587(7)
	34,895			\$30.19	5/21/2018	9,309(4)	\$ 322,557	15,183(8)		\$ 460,977(9)
	33,479	16,745(2)		\$16.20	5/18/2019	4,383(5)	\$ 151,871			

(1) Based on the closing stock price of our common stock of \$34.65 on March 30, 2012, the last trading day of the fiscal year.

(2) One-third vested May 18, 2010 and May 18, 2011, and one-third vests on May 18, 2012.

(3) One-quarter vested on May 21, 2009, May 21, 2010, and May 21, 2011, and one quarter vests on May 21, 2012.

(4) One-quarter vested on May 18, 2010 and May 18, 2011, and one-quarter vests on each, May 18, 2012, and May 18, 2013.

(5) One-quarter vested on May 17, 2011, and one-quarter vests on each of May 17, 2012, May 17, 2013, and May 17, 2014.

(6) One-hundred percent vests on May 17, 2013.

(7) Reflects market share units granted on May 17, 2010, valued based on stock price performance calculated using the average of the closing share prices of our common stock during the 90-day period immediately preceding the date of grant and March 31, 2011, and the resulting shares valued based upon the closing price of our common stock of \$34.65 on March 30, 2012, the last trading day of the fiscal year. The market share units vest on May 17, 2013, which is the end of the three-year period following the date of grant. Accordingly, because the number of shares earned and paid upon vesting is based upon the stock price at vesting, the value of such market share units may increase or decrease from the amounts shown above. For more information regarding market share units, see "Executive Compensation—Determination of Compensation—Components of Executive Compensation—Long-Term Equity Incentive Compensation."

(8) One-hundred percent vests on May 16, 2014.

(9) Reflects market share units granted on May 16, 2011, valued based on stock price performance calculated using the average of the closing share price of our common stock during the 90-day period immediately preceding the date of grant and March 31, 2012, and the resulting shares valued based on the closing price of our common stock of \$34.65 on March 30, 2012, the last trading day of the fiscal year. The market share units vest May 16, 2014, at the end of the three-year period following the date of grant. Accordingly, because the number of shares earned and paid upon vesting is based upon the stock price at vesting, the value of such market share units may increase or decrease from the amounts shown above. For more information regarding market share units, see "Executive Compensation—Determination of Compensation—Components of Executive Compensation—Long-Term Equity Incentive Compensation."

OPTIONS EXERCISED AND STOCK VESTED DURING FISCAL YEAR 2012

The following table sets forth the number of shares acquired upon exercising options and the vesting of stock awards by our named executive officers during fiscal year 2012.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
John D. Craig	0	\$ 0	43,877	\$1,544,721
Michael J. Schmidtlein	0	\$ 0	6,569	\$ 231,561
Raymond R. Kubis	95,254	\$1,000,623	11,218	\$ 394,754
Todd M. Sechrist	1,539	\$ 23,328	6,918	\$ 244,174
Richard W. Zuidema	0	\$ 0	11,218	\$ 394,754

- (1) Values stated are taxable income of each exercise, calculated by subtracting the exercise cost from the fair market value at exercise.
- (2) Values are calculated based on the closing price of the Company's common stock, on the last trading day prior to the date the shares vested. For shares that vested on May 17, 2011, the closing price was \$35.79. For shares that vested on May 18, 2011, the closing price was \$35.10. For shares that vested on May 21, 2011, the closing price was \$35.06. For shares that vested on May 29, 2011, the closing price was \$35.15.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

As described above, each of Messrs. Craig, Kubis, Schmidtlein, and Zuidema have entered into employment or severance agreements with us. We have not entered into an employment or severance agreement with Mr. Sechrist. Under the conditions described below, each of these agreements provides for certain payments upon a termination of employment or change of control. We describe these payments below.

Messrs. Craig, Kubis and Zuidema

We may terminate the employment of each of Messrs. Craig, Kubis, or Zuidema for cause if any has been involved in the following: (i) the commission of a felony or crime involving moral turpitude; (ii) a knowing and intentional fraud; (iii) an act or omission that is materially injurious to us; or (iv) the willful and continued failure or refusal to substantially perform the executive's duties as our employee. In addition, Messrs. Craig, Kubis, and Zuidema may resign from employment at any time for any or no reason. If we were to terminate the employment of any of these executives for cause, or if any of these executives were to resign without good reason (as defined below), the executive would only be entitled to payment of his current base salary through the date of termination.

If we were to terminate the employment of Messrs. Craig, Kubis, or Zuidema without cause, or if any of them were to resign for good reason (as defined below), we would be obligated to pay the following:

- continuation of current base salary for three years for Mr. Craig and two years for Messrs. Kubis and Zuidema. Such payment periods are referred to as the "severance period";
- for the fiscal year in which the termination occurs and for each whole fiscal year following the termination year included in the severance period, an amount equal to the average of the bonuses paid to the executive for the two fiscal years preceding the termination year or for any partial fiscal year immediately preceding the end of the severance period, a pro rata portion of such amount; and
- participation in all employee welfare benefit plans or programs during the severance period, provided however, that such participation will cease when the executive becomes eligible to participate in comparable programs of a subsequent employer.

In addition, upon Mr. Craig's termination of employment, for any reason other than a termination for cause, termination without good reason, or termination due to death, we will assign to Mr. Craig all right, title, and interest in and under certain individual disability and split dollar life insurance policies that we maintain on his behalf.

Mr. Kubis is also entitled to receive one-half of the cost of tax preparation services for the year of termination in the event his employment is terminated for any reason other than a voluntary resignation. In addition, if Mr. Kubis is involuntarily terminated without cause or resigns for good reason, we will reimburse him for reasonable costs of relocating him and his family to the U.S.

Notwithstanding the foregoing, either party may give the other party notice not to extend the employment term beyond: (a) three years from the date of such notice, in the case of Mr. Craig, or (b) two years from the date of such notice, in the case of Mr. Zuidema. Additionally, if less than three years remain until Mr. Craig reaches age 65 or if less than two years remain until Messrs. Kubis or Zuidema reach age 65, the severance period will be the period from the date of termination until the date the executive reaches age 65.

"Good reason" means, with respect to Messrs. Craig and Zuidema, any of the following:

- a decrease in base salary;
- a material diminution of authority, responsibilities, or position of the executive;
- a relocation to any office location that is more than 50 miles from Reading, Pennsylvania; or
- our giving notice that we intend to discontinue the automatic extension of the employment agreement.

"Good reason" means, with respect to Mr. Kubis, any of the following:

- any reason entitling Mr. Kubis to terminate the agreement under applicable Swiss law;
- a decrease in base salary;
- a material diminution of Mr. Kubis' authority, responsibilities, or positions; or
- relocation from Zurich, Switzerland, except that, upon 90 days prior to notice and our undertaking to pay reasonable relocation expenses, we can relocate Mr. Kubis to another location in Western Europe.

The employment agreement for each of Messrs. Craig, Kubis, and Zuidema provides that if any amounts payable, whether pursuant to their respective employment agreements or otherwise, are subject to excise tax under Code Section 4999, we will provide the executive with a tax gross-up payment such that, after payment of any excise tax on the underlying payment and all taxes on the gross-up payment, the executive would retain an amount before payment of income and employment taxes equal to the underlying payment. Except for acceleration of the vesting of unvested equity awards, no special benefit is payable to Messrs. Craig, Kubis, and Zuidema solely in the event of a change in control.

In the event we terminate the employment of Mr. Craig or Mr. Zuidema due to death or disability, each is entitled to receive one year of base salary in the event of death and six months of base salary, in the event of disability as well as, in both events, a pro-rata portion of the annual bonus that they would have been entitled to for the year of termination.

If Mr. Kubis is unable to perform his duties due to illness, accident, or any other cause through no fault of his own, we will continue to pay his base salary for up to six months, provided however, that such amount will be reduced by any payments by third parties, including under any accident or health or medical insurance policies. In the event we terminate Mr. Kubis's employment due to death or disability, he is entitled to receive one year of base salary in the event of death and six months of base salary, in the event of disability, as well as, in both events, a pro-rata portion of the annual bonus that he would have been entitled to for the year of termination.

Under their agreements, Messrs. Craig, Kubis, and Zuidema are entitled to full acceleration of vesting of outstanding equity awards in the event of:

- involuntary termination of employment without cause;
- voluntary termination of employment for good reason;
- our change in control;
- termination for disability; or
- death.

Mr. Schmidlein

If we were to terminate Mr. Schmidlein's employment without cause, as defined below, or if he were to resign for good reason, as defined below, during the six month period prior to a change in control (and the termination was in connection with the change in control) or during the 24 month period after a change in control, we would be obligated to pay the following:

- a lump sum cash payment equal to Mr. Schmidlein's base salary then in effect;
- for a period of one year, participation in our medical, dental, and vision programs but such participation will end when Mr. Schmidlein becomes eligible to participate in comparable programs of a subsequent employer;
- full acceleration of vesting of outstanding equity awards; and
- a pro-rata payment from our annual incentive plan for the fiscal year in which the termination occurs.

"Cause" means, with respect to Mr. Schmidlein, any of the following:

- breach of fiduciary duty or duty of loyalty to us;
- willful act of material dishonesty with respect to any material matter involving us;
- theft or material misuse of our property;
- failure to conform in any material respect to our code of conduct;
- excessive absenteeism;
- conviction of, or plea of guilty or nolo contendere to, a felony or any criminal charge involving moral turpitude or illegal substance abuse;
- continuing neglect of management duties and responsibilities that has a material adverse effect on us;
- willful failure to timely report information having a material adverse effect on our business operations to the board or his direct supervisor; or
- failure to meet our reasonable and achievable documented performance expectations (other than any such failure resulting from incapacity due to physical or mental illness).

"Good reason" means, with respect to Mr. Schmidlein, any of the following:

- a 10% or more decrease in his base salary, other than a company-wide reduction in senior management pay;
- a material diminution of his position, duties, or responsibilities of the executive;
- a relocation to any office location that is more than 50 miles from Reading, Pennsylvania; or
- a material breach of our obligations under the agreement.

Mr. Schmidlein's severance letter agreement provides that if any amounts payable, when taken together with payments and benefits provided to him under any other plans, contracts, or arrangements with us, will be subject to any excise tax imposed under Code Section 4999, then such amounts will be reduced to the extent necessary so that no portion thereof will be subject to the excise tax, but if he would receive in the aggregate greater value (as determined under Code Section 280G) on an after-tax basis if the amounts were not subject to such reduction, then no such reduction will be made.

Potential Payments Table

The table below reflects the incremental amount of compensation payable to our named executive officers under various termination and change in control scenarios. The amounts shown below assume that such hypothetical termination or change in control is effective as of March 31, 2012. These amounts do not include benefits earned or vested as of March 31, 2012, or benefits provided under insurance or regular programs available to salaried employees generally. The actual amounts that are payable upon a named executive officer's termination of employment can be determined only at the time of any such event. Due to the number of factors that affect the nature and amount of any benefits provided upon a termination or change in control, any actual amounts paid or distributed may be higher or lower than the amounts set forth below. Factors that could affect these amounts include, among other things, the time of year the event occurs, our financial performance, and the age of the named executive officer at the time of the event.

		Involuntary Termination Not For Cause or Voluntary Termination For Good Reason(1)				
		Change in Control	Termination for Disability	Death	Absent Change in Control	Following a Change in Control
John D. Craig	Severance	\$ 0	\$1,532,398	\$1,981,579	\$ 9,566,735	\$ 9,566,735
	Welfare benefits continuation(2)	\$ 0	\$ 0	\$ 0	\$ 26,565	\$ 26,565
	Value of insurance policies(3)	\$ 0	\$ 447,911	\$ 0	\$ 447,911	\$ 447,911
	Value of accelerated stock options(5)	\$1,103,346	\$1,103,346	\$1,103,346	\$ 1,103,346	\$ 1,103,346
	Value of accelerated restricted stock(5)	\$2,193,968	\$2,193,968	\$2,193,968	\$ 2,193,968	\$ 2,193,968
	Value of accelerated market share units(6)	\$4,684,078	\$4,684,078	\$4,684,078	\$ 4,684,078	\$ 4,684,078
	Potential Excise Tax Gross-Up	\$ 0	N/A	N/A	N/A	\$ 0
Total		\$7,981,392	\$9,961,701	\$9,962,971	\$18,022,603	\$18,022,603
Michael J. Schmidlein	Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 339,577
	Welfare benefits continuation(2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,907
	Value of accelerated restricted stock(5)	\$ 382,536	\$ 382,536	\$ 382,536	\$ 382,536	\$ 382,536
	Value of accelerated market share units(6)	\$1,046,563	\$1,046,563	\$1,046,563	\$ 1,046,563	\$ 1,046,563
	Potential Excise Tax Cut-Back	\$ 0	N/A	N/A	N/A	\$ 0
Total		\$1,429,099	\$1,429,099	\$1,429,099	\$ 1,429,099	\$ 1,780,583
Raymond R. Kubis	Severance	\$ 0	\$ 651,831	\$ 319,671	\$ 3,358,473	\$ 3,358,473
	Welfare benefits continuation(2)	\$ 0	\$ 0	\$ 0	\$ 23,081	\$ 23,081
	Tax preparation	\$ 0	\$ 8,304	\$ 8,304	\$ 8,304	\$ 8,304
	Relocation expenses(4)	\$ 0	\$ 0	\$ 0	\$ 75,000	\$ 75,000
	Value of accelerated stock options(5)	\$ 308,945	\$ 308,945	\$ 308,945	\$ 308,945	\$ 308,945
	Value of accelerated restricted stock(5)	\$ 574,878	\$ 574,878	\$ 574,878	\$ 574,878	\$ 574,878
	Value of accelerated market share units(6)	\$1,046,563	\$1,046,563	\$1,046,563	\$ 1,046,563	\$ 1,046,563
	Potential Excise Tax Gross-Up	\$ 0	N/A	N/A	N/A	\$ 0
Total		\$1,930,386	\$2,590,521	\$2,258,361	\$ 5,395,244	\$ 5,395,244
Todd M. Sechrist	Value of accelerated restricted stock(5)	\$ 69,300	\$ 69,300	\$ 69,300	\$ 69,300	\$ 69,300
	Value of accelerated market share units(6)	\$ 460,977	\$ 460,976	\$ 460,976	\$ 460,976	\$ 460,976
	Total	\$ 530,277	\$ 530,276	\$ 530,276	\$ 530,276	\$ 530,276
Richard W. Zuidema	Severance	\$ 0	\$ 519,122	\$ 731,235	\$ 1,599,818	\$ 1,599,818
	Welfare benefits continuation(2)	\$ 0	\$ 0	\$ 0	\$ 17,724	\$ 17,724
	Value of accelerated stock options(5)	\$ 308,945	\$ 308,945	\$ 308,945	\$ 308,945	\$ 308,945
	Value of accelerated restricted stock(5)	\$ 574,878	\$ 574,878	\$ 574,878	\$ 574,878	\$ 574,878
	Value of accelerated market share units(6)	\$1,046,563	\$1,046,563	\$1,046,563	\$ 1,046,563	\$ 1,046,563
	Potential Excise Tax Gross-Up	\$ 0	N/A	N/A	N/A	\$ 0
Total		\$1,930,386	\$2,449,508	\$2,661,621	\$ 3,547,928	\$ 3,547,928

(1) For severance payment calculation, and time and form of such payment, see "Employment Agreements."

- (2) Present value of welfare benefits continuation. Assumes no increase in the cost of welfare benefits. Assumes no tax on welfare benefits.
- (3) Cash surrender value as of March 31, 2012.
- (4) If Mr. Kubis is involuntarily terminated without cause or resigns for good reason, we will reimburse him for reasonable costs of relocating him and his family to the U.S.
- (5) Value based on the closing price of our common stock on March 30, 2012, the last trading day of the fiscal year, of \$34.65.
- (6) Reflects Market Share Units valued based on stock price performance calculated using the average of the closing share prices of our common stock during the 90-day period immediately preceding the date of grant and March 31, 2012, and the resulting shares valued based upon the closing price of our common stock of \$34.65 on March 30, 2012, the last trading day of fiscal year 2012.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transaction Policy

Our Board has adopted a written policy regarding related person transactions. As a general matter, it is our preference to avoid or minimize related person transactions. Under this policy, a director or executive officer must promptly report to the Corporate Secretary or General Counsel any potential transaction in which a Related Person, as defined by Item 404(a) of Regulation S-K, has or will have a direct or indirect material interest. Pursuant to this policy, EnerSys is not permitted to consummate or continue the Related Person transaction without the approval or ratification of the Audit Committee or, in certain situations, by the Chairman of the Audit Committee. Any director interested in a Related Person transaction must recuse himself from any such vote.

Indemnification

Delaware law, our certificate of incorporation and our bylaws contain limitation of liability provisions and provisions for indemnification of our directors and officers.

In addition, we have entered into an indemnification agreement with each of our directors and officers. Pursuant to this agreement, we will indemnify, to the fullest extent permitted by the Delaware General Corporation Law, each director or officer who is, or is threatened to be made, a party to any proceeding by virtue of the fact that such person is or was one of our directors or officers. Indemnification will be provided for all costs, judgments, penalties, fines, liabilities and amounts paid in settlement of any such proceeding and for expenses actually and reasonably incurred in connection with any such proceeding.

Directors and officers of EnerSys are also insured against certain liabilities for their actions, as such, by an insurance policy obtained by EnerSys. The premium for the fiscal year ended March 31, 2011, specifically for directors and officers, as individuals, was \$0.1 million.

Metalmark and the Securityholder Agreement

We entered into a securityholder agreement with certain Morgan Stanley Funds and our other equity holders dated as of November 9, 2000, that provided for certain governance matters, restrictions on transfers of our equity interests by certain equity holders and certain registration rights. Prior to our initial public offering in 2004, we entered into a Securityholder Agreement, dated as of July 26, 2004, as amended (the "Securityholder Agreement"), with Metalmark Capital LLC, an independent private equity firm established in 2004 by former principals of Morgan Stanley Capital Partners ("Metalmark"), certain institutional stockholders, and certain members of our senior management, which governs certain relationships among such parties. In addition, we have agreed to indemnify the parties to the Securityholder Agreement who have exercised their registration rights against certain liabilities, including under the Securities Act. The Securityholder Agreement terminated by its terms on November 20, 2011.

In January 2008, substantially all of the employees of Metalmark became employees of Citi Alternative Investments Inc., although Metalmark remains an entity owned by those individuals and continues to manage the

certain funds that are parties to the Securityholder Agreement on a subadvisory basis. Two (2) of our directors, Messrs. Chung and Hoffen, are currently employees of both Metalmark and Citi Alternative Investments Inc.

Indemnity and Expense Agreement

We have agreed with each of the funds managed by Metalmark that are parties to the Securityholder Agreement (collectively, the “Morgan Stanley Funds”), in a stock subscription agreement dated March 22, 2002, that, to the fullest extent permitted by law, none of such stockholders, or any of their respective partners or other affiliates, or their respective members, stockholders, directors, managers, officers, employees, agents or other affiliates, or any person or entity who serves at the request of any such stockholder on behalf of any person or entity as an officer, director, manager, partner or employee of any person or entity (referred to as indemnified parties), shall be liable to us for any act or omission taken or suffered by such indemnified party in connection with the conduct of our affairs or otherwise in connection with such stockholder’s ownership of shares of our common stock, unless such act or omission resulted from fraud, willful misconduct or gross negligence by such indemnified party or any mistake, negligence, dishonesty or bad faith of any agent of such indemnified party.

We have also agreed with each Morgan Stanley Fund that, to the fullest extent permitted by law, we will indemnify each of such indemnified parties for any and all liabilities and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by such indemnified party and arise out of or in connection with our affairs, or any indemnified party’s ownership of shares of our common stock, including acting as a director, manager or officer or its equivalent; provided that an indemnified party shall be entitled to indemnification only to the extent that such indemnified party’s conduct did not constitute fraud, willful misconduct or gross negligence.

Employment of Related Parties

During fiscal year 2012, there were no transactions subject to our Related Person Transactions Policy.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors, and any persons owning more than ten percent of EnerSys common stock, to file reports of ownership and changes in ownership with the SEC and NYSE. Persons filing such reports are required by SEC regulation to furnish EnerSys with copies of all such reports filed with the SEC. Based solely on our review of any copies of such reports received by it, and on written representations from our existing directors and executive officers that no additional annual statements of beneficial ownership were required to be filed by such persons, we believe that all such statements were timely filed in fiscal year 2012.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below is certain information concerning the beneficial ownership of our common stock by each director, each nominee for director, each named executive officer, each holder of more than 5% percent of our common stock and all directors and executive officers as a group as of June 6, 2012, the Record Date.

<u>Name</u>	<u>Number of Shares(1)</u>	<u>Percent(1)</u>
BlackRock, Inc.(2) 40 East 52 nd Street New York, NY 10022	4,036,664	8.4%
The Vanguard Group, Inc.(3) 100 Vanguard Boulevard Malvern, PA 19355	2,841,130	5.9%
EARNEST Partners, LLC(4) 1180 Peachtree Street NE Suite 2300 Atlanta, GA 30309	2,614,336	5.4%
Hwan-yoon F. Chung(5)	17,487	*
John D. Craig(6)	573,660	1.2%
Seifi Ghasemi(7)	20,255	*
Howard I. Hoffen(8)	22,487	*
Arthur T. Katsaros(9)	23,762	*
Raymond R. Kubis(10)	112,878	*
John F. Lehman(11)	26,440	*
Gen. Robert Magnus, USMC (Retired)(12)	12,138	*
Dennis S. Marlo(13)	42,487	*
Joseph C. Muscari(14)	12,138	*
Michael J. Schmidtlein(15)	28,058	*
Todd M. Sechrist(16)	172	*
Richard W. Zuidema(17)	151,852	*
All current directors and executive officers as a group (13 persons)(18)	1,043,814	2.2%

- * Does not exceed 1% of the class based on 48,016,469 shares of common stock outstanding as of June 6, 2012.
- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 under Exchange Act, thereby including, with respect to each director and named executive officer, options exercisable by such owner or restricted stock units that vest within 60 days of the record date of June 6, 2012.
 - (2) Includes BlackRock Japan Co., Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management Australia Limited, BlackRock Advisors LLC, BlackRock Asset Management Ireland Limited, BlackRock International Limited, and BlackRock Investment Management LLC. Information about BlackRock, Inc. is derived from its Schedule 13G filed with the SEC on February 9, 2012.
 - (3) Includes Vanguard Fiduciary Trust Company. Information about The Vanguard Group, Inc. is derived from its Schedule 13G filed with the SEC on February 9, 2012.
 - (4) Information about EARNEST Partners, LLC is derived from its Schedule 13G filed with the SEC on February 13, 2012.
 - (5) Mr. Chung is a Principal of Metalmark and exercises shared voting or investment power over 13,033 shares. The number and percentage of shares include 4,454 deferred stock units, for which Mr. Chung does not have voting and investment power, which are beneficially owned by Metalmark. Mr. Chung disclaims beneficial ownership of such shares as a result of his employment arrangement with Metalmark, except to the extent that their pecuniary interest therein is ultimately realized.

- (6) Mr. Craig holds shared voting or investment power over 227,942 shares. The number and percentage of shares beneficially owned by Mr. Craig include 345,718 vested stock options, but exclude 29,771 unvested restricted stock units and 220,476 unvested market share units.
- (7) Mr. Ghasemi holds sole voting and investment power of 12,656 shares. The number and percentage of shares beneficially owned by Mr. Ghasemi, include 4,454 deferred stock units for which Mr. Ghasemi does not have voting and investment power, and 3,145 vested restricted stock units owned by Mr. Ghasemi deferred under the Director Plan, for which Mr. Ghasemi does not have voting or investment power, but exclude 168 unvested restricted stock units owned by Mr. Ghasemi deferred under the Director Plan.
- (8) Mr. Hoffen is a Managing Director of Metalmark and exercises shared voting or investment power over 13,033 shares. The number and percentage of shares include 5,000 shares subject to vested stock options, and 4,454 deferred stock units, for which Mr. Hoffen does not have voting and investment power, that are beneficially owned by Metalmark. Mr. Hoffen disclaims beneficial ownership of such shares as a result of his employment arrangement with Metalmark, except to the extent that their pecuniary interest therein is ultimately realized.
- (9) Mr. Katsaros holds sole voting and investment power over 2,871 shares. The number and percentage of shares beneficially owned by Mr. Katsaros include 2,500 vested stock options, 4,454 deferred stock units, for which Mr. Katsaros does not have voting and investment power, and 13,937 vested restricted stock units owned by Mr. Katsaros deferred under the Director Plan, for which Mr. Katsaros does not have voting or investment power, but exclude 209 unvested restricted stock units owned by Mr. Katsaros deferred under the Director Plan.
- (10) Mr. Kubis holds shared voting or investment power over 90,983 shares. The number and percentage of shares beneficially owned by Mr. Kubis include 21,895 vested stock options, but exclude 7,577 unvested restricted stock units and 43,441 unvested market share units.
- (11) Mr. Lehman holds sole voting and investment power over 2,871 shares. The number and percentage of shares beneficially owned by Mr. Lehman include 5,000 vested stock options, 4,454 deferred stock units, for which Mr. Lehman does not have voting and investment power, and 14,115 vested restricted stock units owned by Mr. Lehman deferred under the Director Plan, for which Mr. Lehman does not have voting or investment power, but exclude 192 unvested restricted stock units and 7,361 vested restricted stock units owned by Mr. Lehman deferred under the Director Plan.
- (12) Gen. Magnus holds sole voting and investment power over 2,656 shares. The number and percentage of shares beneficially owned by Gen. Magnus include 4,454 deferred stock units, for which Gen. Magnus does not have voting and investment power, and 5,028 vested restricted stock units owned by Gen. Magnus deferred under the Director Plan, for which Gen. Magnus does not have voting or investment power.
- (13) Mr. Marlo holds sole voting and investment power over 22,871 shares. The number and percentage of shares beneficially owned by Mr. Marlo include 5,000 vested stock options, 4,454 deferred stock units, for which Mr. Marlo does not have voting and investment power, and 10,162 vested restricted stock units owned by Mr. Marlo deferred under the Director Plan, for which Mr. Marlo does not have voting or investment power.
- (14) Mr. Muscari holds sole voting and investment power over 5,383 shares. The number and percentage of shares beneficially owned by Mr. Muscari include 4,454 deferred stock units, for which Mr. Muscari does not have voting and investment power, and 2,301 vested restricted stock units owned by Mr. Muscari deferred under the Director Plan, for which Mr. Muscari does not have voting or investment power.
- (15) Mr. Schmidlein holds shared voting or investment power over 20,367 shares. The number and percentage of shares beneficially owned by Mr. Schmidlein include 7,691 vested stock options, but exclude 5,422 unvested restricted stock units and 46,358 unvested market share units.
- (16) Mr. Sechrist holds shared voting or investment power over 172 shares. The number and percentage of shares beneficially owned by Mr. Sechrist exclude 6,500 unvested restricted stock units and 30,379 unvested market share units.
- (17) Mr. Zuidema holds shared voting or investment power over 48,915 shares. The number and percentage of shares beneficially owned by Mr. Zuidema include 102,937 vested stock options, but exclude 7,577 unvested restricted stock units and 51,221 unvested market share units.

- (18) Such persons hold shared or sole voting or investment power over 463,753 shares. The number and percentage of shares beneficially owned by such persons include 495,741 vested stock options and 48,688 vested restricted stock units, and 35,632 deferred stock units for which such persons do not have voting and investment power, but exclude 57,416 unvested restricted stock units, 391,875 unvested market share units, 0 unvested stock options, and 7,361 vested restricted stock units.

PROPOSAL NO. 3

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are seeking stockholder input on our executive compensation as disclosed in this proxy statement. Based upon the results of a non-binding advisory vote on the issue of the frequency of holding future non-binding advisory votes to approve named executive officer compensation, the Board has determined that it will include an annual non-binding advisory vote to approve named executive officer compensation in our proxy materials until the next non-binding advisory vote on the frequency for holding such votes. The Board and the Compensation Committee actively monitor our executive compensation practices in light of the industry in which we operate and the marketplace for talent in which we compete. We remain focused on compensating our executive officers fairly and in a manner that incentivizes high levels of performance while providing the tools necessary to attract and retain the best talent.

As described in the Compensation Discussion and Analysis beginning on page 17 of this proxy statement, our executive compensation program is designed to create incentives both for strong operational performance in the current year and for the long-term benefit of the company, thereby closely aligning the interests of management with the interests of our stockholders. In evaluating our executive compensation program, key considerations include:

- Our compensation program is based on setting aggressive operating plan goals that are achievable in light of current market conditions and create of stockholder value. We achieved better than target earnings per share and primary working capital percentage goals during fiscal year 2012, permitting our named executive officers to achieve the maximum payout under the 2012 Management Incentive Plan.
- At the executive level, the majority of compensation is equity-based, vests over time and is tied directly to long-term stockholder value. Stock ownership requirements for our executive officers ensure that our management team is incentivized to act in the best interests of our stockholders.
- We increased the percentage of long-term equity incentive compensation to the named executive officers that is paid in the form of performance-vesting market share units and decreased the amount paid in the form of time-vested restricted stock units.
- We maintain an appropriate balance between base salary and short- and long-term incentive opportunities offered to the named executive officers.
- The Compensation Committee engaged an independent compensation consultant that does not provide services to management and that had no relationship with management before the engagement.
- We believe our executive compensation program results in reasonable and rational compensation decisions, allowing us to set aggressive goals while not encouraging excessive risk-taking that could be detrimental to our stockholders.

For these reasons, the Board recommends stockholders vote in favor of the following resolution:

“Resolved, that the compensation paid to the company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED.”

As an advisory vote, this proposal is not binding upon the Company. However, the Compensation Committee, which is responsible for designing and administering the Company's executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

Approval of Proposal No. 3 requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 3.

OTHER INFORMATION

Stockholder Proposals or Nominations

Any stockholder who desires to submit a proposal for inclusion in the proxy materials relating to our 2013 Annual Meeting of Stockholders in accordance with the rules of the SEC must submit such proposal in writing, addressed to EnerSys at 2366 Bernville Road, Reading, Pennsylvania 19605, Attn: Richard W. Zuidema, Secretary, no later than February 21, 2013.

In accordance with our bylaws, a stockholder who desires to propose a matter for consideration at an annual meeting of stockholders, even if the proposal is not submitted by the deadline for inclusion in our proxy materials, must comply with the procedures specified in our bylaws, including providing notice thereof in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Secretary of EnerSys, not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. For the 2013 Annual Meeting of Stockholders, this period will begin on March 28, 2013, and end on April 27, 2013.

In accordance with our bylaws, a stockholder who desires to nominate candidates for election to the Board must comply with the proceeding specified in the Bylaws, including providing proper notice of the nomination in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Secretary of EnerSys not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. For the 2013 Annual Meeting of Stockholders, this period will begin on March 28, 2013 and end on April 27, 2013.

If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended, proxy holders may exercise discretionary voting authority under proxies that we solicit to vote in accordance with their best judgment on any such stockholder proposal or nomination.

Reduce Duplicate Mailings

Only one Annual Report and Proxy Statement will be sent to those stockholders who share a single household and who have consented to receive a single copy of such documents. This practice, known as "householding," is designed to reduce printing and postage costs. Stockholders who participate in householding will continue to receive separate proxy cards. Householding will continue until you are notified otherwise or until one or more stockholders at your address revokes consent. If you revoke consent, you will be removed from the householding program within 30 days of receipt of the revocation. However, if any stockholder residing at such an address desires to receive a separate Annual Report or Proxy Statement in the future, he or she may telephone our Investor Relations Department at (610) 236-4040 or write to "Investor Relations" at 2366 Bernville Road, Reading, Pennsylvania 19605 or by e-mail through the investor relations and corporate governance link at www.enersys.com. If you are receiving multiple copies of our Annual Report and Proxy Statement, please request householding by contacting Investor Relations in the same manner. If you are a stockholder of record, you can elect to access future Annual Reports and Proxy Statements electronically by marking the appropriate box on

your proxy form or by following the instructions provided if you vote by Internet or by telephone. If you choose this option, your choice will remain in effect until you notify us by mail that you wish to resume mail delivery of these documents. If you hold your shares of our common stock through a bank, broker or another holder of record, refer to the information provided by that entity for instructions on how to elect this option.

Other Matters

If any other item or proposal properly comes before the Annual Meeting, including voting on a proposal omitted from this Proxy Statement pursuant to the rules of the SEC or incident to the conduct of the Annual Meeting, then the proxies will be voted in accordance with the discretion of the proxy holders, including to vote to adjourn the Annual Meeting for the purpose of soliciting proxies to vote in accordance with the Board's recommendation on any of the proposals to be considered.

Proxy Solicitation Costs

The proxies being solicited hereby are being solicited by the Board of Directors of EnerSys. The cost of soliciting proxies in the enclosed form will be borne by EnerSys. Officers and regular employees of EnerSys may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, telex, facsimile or electronic means. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

Incorporation by Reference

In accordance with SEC rules, notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, or the Exchange Act, that might incorporate this Proxy Statement or future filings made by us under those statutes, the information included under the caption "Compensation Committee Report" and those portions of the information included under the caption "Audit Committee Report" required by the SEC's rules to be included therein, shall not be deemed filed with the SEC and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by us under those statutes, except to the extent that we specifically incorporates these items by reference.

Annual Report for 2012

EnerSys' Annual Report to the Stockholders for the year ended March 31, 2012, is enclosed herewith. EnerSys' Annual Report on Form 10-K for the fiscal year ended March 31, 2012, has been combined with the Annual Report to Stockholders, as permitted by SEC rules. The Annual Report is furnished to stockholders for their information. No part of the Annual Report is incorporated by reference herein.

UPON REQUEST OF ANY STOCKHOLDER, A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED MARCH 31, 2012, INCLUDING A LIST OF THE EXHIBITS THERETO, REQUIRED TO BE FILED WITH THE SEC PURSUANT TO RULE 13a-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934, MAY BE OBTAINED, WITHOUT CHARGE, BY WRITING TO INVESTOR RELATIONS, ENERSYS, 2366 BERNVILLE ROAD, READING, PENNSYLVANIA 19605, OR BY CALLING ENERSYS INVESTOR RELATIONS DIRECTLY AT (610) 236-4040. EACH REQUEST MUST SET FORTH A GOOD FAITH REPRESENTATION THAT, AS OF THE RECORD DATE, THE PERSON MAKING THE REQUEST WAS A BENEFICIAL OWNER OF ENERSYS COMMON STOCK ENTITLED TO VOTE AT THE MEETING.

BY ORDER OF THE BOARD OF DIRECTORS



Richard W. Zuidema
Secretary

Appendix A
2012 Annual Report on Form 10-K

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

- ☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2012 or**
- ☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from** _____ **to** _____

Commission file number: **001-32253**

ENERSYS

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

23-3058564
(I.R.S. Employer
Identification No.)

2366 Bernville Road
Reading, Pennsylvania 19605

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 610-208-1991

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ YES ☐ NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ YES ☒ NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ YES ☐ NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ YES ☒ NO

State the aggregate market value of the voting and non-voting common equity held by non-affiliates at October 3, 2011: \$953,580,148 (1) (based upon its closing transaction price on the New York Stock Exchange on September 30, 2011).

(1) For this purpose only, "non-affiliates" excludes directors and executive officers.

Common stock outstanding at May 21, 2012: 47,945,876 Shares of Common Stock

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on July 26, 2012 are incorporated by reference in Part III of this Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the “Reform Act”) provides a safe harbor for forward-looking statements made by or on behalf of EnerSys. EnerSys and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in the Company’s filings with the Securities and Exchange Commission and its reports to stockholders. Generally, the inclusion of the words “anticipates,” “believe,” “expect,” “future,” “intend,” “estimate,” “anticipate,” “will,” “plans,” or the negative of such terms and similar expressions identify statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and that are intended to come within the safe harbor protection provided by those sections. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based on management’s then-current beliefs and assumptions regarding future events and operating performance and on information currently available to management, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in this Annual Report on Form 10-K and other unforeseen risks. You should not put undue reliance on any forward-looking statements. These statements speak only as of the date of this Annual Report on Form 10-K, even if subsequently made available by us on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K.

Our actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons, including the following factors:

- general cyclical patterns of the industries in which our customers operate;
- the extent to which we cannot control our fixed and variable costs;
- the raw materials in our products may experience significant fluctuations in market price and availability;
- certain raw materials constitute hazardous materials that may give rise to costly environmental and safety claims;
- legislation regarding the restriction of the use of certain hazardous substances in our products;
- risks involved in our operations such as disruption of markets, changes in import and export laws, environmental regulations, currency restrictions and currency exchange rate fluctuations;
- our ability to raise our selling prices to our customers when our product costs increase;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- general economic conditions in the markets in which we operate;
- competitiveness of the battery markets throughout the world;
- our timely development of competitive new products and product enhancements in a changing environment and the acceptance of such products and product enhancements by customers;
- our ability to adequately protect our proprietary intellectual property, technology and brand names;

- litigation and regulatory proceedings to which we might be subject;
- changes in our market share in the geographic business segments where we operate;
- our ability to implement our cost reduction initiatives successfully and improve our profitability;
- quality problems associated with our products;
- our ability to implement business strategies, including our acquisition strategy, manufacturing expansion and restructuring plans;
- our acquisition strategy may not be successful in locating advantageous targets;
- our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames;
- our debt and debt service requirements which may restrict our operational and financial flexibility, as well as imposing unfavorable interest and financing costs;
- our ability to maintain our existing credit facilities or obtain satisfactory new credit facilities;
- adverse changes in our short- and long-term debt levels under our credit facilities;
- our exposure to fluctuations in interest rates on our variable-rate debt;
- our ability to attract and retain qualified personnel;
- our ability to maintain good relations with labor unions;
- credit risk associated with our customers, including risk of insolvency and bankruptcy;
- our ability to successfully recover in the event of a disaster affecting our infrastructure;
- terrorist acts or acts of war, could cause damage or disruption to our operations, our suppliers, channels to market or customers, or could cause costs to increase, or create political or economic instability; and
- the security of our information systems.

This list of factors that may affect future performance is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

EnerSys
Annual Report on Form 10-K
For the Fiscal Year Ended March 31, 2012

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PART I

ITEM 1. BUSINESS

Overview

EnerSys (the “Company,” “we,” or “us”) is the world’s largest manufacturer, marketer and distributor of industrial batteries. We also manufacture, market and distribute related products such as chargers, power equipment and battery accessories, and we provide related after-market and customer-support services for industrial batteries. We market and sell our products globally to over 10,000 customers in more than 100 countries through a network of distributors, independent representatives and our internal sales force.

We operate and manage our business in three geographic regions of the world—Americas, Europe and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world. More than half of our manufacturing capacity is located outside of the United States, and approximately 60% of our net sales were generated outside of the United States. The Company has three reportable business segments based on geographic regions, defined as follows:

- **Americas**, which includes North and South America, with our segment headquarters in Reading, Pennsylvania, USA,
- **Europe**, which includes Europe, the Middle East and Africa, with our segment headquarters in Zurich, Switzerland, and
- **Asia**, which includes Asia, Australia and Oceania, with our segment headquarters in Singapore.

We have two primary industrial battery product lines: reserve power products and motive power products. Net sales classifications by product line are as follows:

- **Reserve power products** are used for backup power for the continuous operation of critical applications in telecommunications systems, uninterruptible power systems, or “UPS” applications for computer and computer-controlled systems, and other specialty power applications, including security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities and energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships, tactical vehicles and portable energy packs.
- **Motive power products** are used to provide power for manufacturing, warehousing and other material handling equipment, primarily electric industrial forklift trucks, mining equipment, diesel locomotive starting and other rail equipment.

Additionally, see Note 23 to the Consolidated Financial Statements for information on segment reporting.

Fiscal Year Reporting

In this Annual Report on Form 10-K, when we refer to our fiscal years, we state “fiscal” and the year, as in “fiscal 2012”, which refers to our fiscal year ended March 31, 2012. The Company reports interim financial information for 13-week periods, except for the first quarter, which always begins on April 1, and the fourth quarter, which always ends on March 31. The four quarters in fiscal 2012 ended on July 3, 2011, October 2, 2011, January 1, 2012, and March 31, 2012, respectively. The four quarters in fiscal 2011 ended on July 4, 2010, October 3, 2010, January 2, 2011, and March 31, 2011, respectively.

History

EnerSys and its predecessor companies have been manufacturers of industrial batteries for over 100 years. Morgan Stanley Capital Partners teamed with the management of Yuasa, Inc. in late 2000 to acquire from Yuasa Corporation (Japan) its reserve power and motive power battery businesses in North and South America. We

were incorporated in October 2000 for the purpose of completing the Yuasa, Inc. acquisition. On January 1, 2001, we changed our name from Yuasa, Inc. to EnerSys to reflect our focus on the energy systems nature of our businesses.

In 2004, EnerSys completed its initial public offering (the “IPO”). The Company’s Registration Statement (SEC File No. 333-115553) for its IPO was declared effective by the Securities and Exchange Commission (the “SEC”) and the Company’s common stock commenced trading on the New York Stock Exchange, under the trading symbol “ENS.”

Key Developments

There have been several key stages in the development of our business, which explain to a significant degree our results of operations over the past several years.

In March 2002, we acquired the reserve power and motive power business of the Energy Storage Group of Invensys plc. (“ESG”). Our successful integration of ESG provided global scale in both the reserve and motive power markets. The ESG acquisition also provided us with a further opportunity to reduce costs and improve operating efficiency that, among other initiatives, led to closing underutilized manufacturing plants, distribution facilities, sales offices and eliminating other redundant costs, including staff.

During fiscal years 2003 through 2010, we acquired fifteen battery businesses around the globe.

During fiscal 2011, we made three acquisitions, the most significant of which was the acquisition of a lithium-ion battery business, ABSL Power Solutions Ltd. (“ABSL”). We also expanded thin-plate pure-lead technology (“TPPL”) capacity at our facilities in Warrensburg, MO and Newport, UK.

During fiscal 2012, we made four acquisitions. In South America, we acquired the reserve power and motive power battery business of Industrial Battery Holdings, S.A., the parent company of EnerSystem (“EnerSystem”). In South Africa and India, we entered into joint ventures where we acquired a majority ownership in the reserve power and motive power businesses of Powertech Battery, which is a part of Allied Electronics Corporation Limited (Altron), in South Africa and Energy Leader Batteries India Limited (“Energy Leader”) in India. We also launched a joint venture with Lithium Technology Corporation (“LTC”) in Germany, to produce large format lithium-ion battery cells.

Liquidity and Capital Resources

We believe that our financial position is strong and we have substantial liquidity with \$160 million of available cash and cash equivalents and undrawn committed and uncommitted credit lines of approximately \$377 million at March 31, 2012 to cover short-term liquidity requirements. Our \$350 million 2011 senior secured revolving credit facility (“2011 Credit Facility”), which we entered into in March 2011, is committed through March 2016 as long as we continue to comply with its covenants and conditions. The facility includes an early termination provision under which the Company is required to meet a liquidity test in February 2015 related to its capacity to meet certain potential funding obligations of the \$172.5 million senior unsecured 3.375% convertible notes (“Convertible Notes”) in June 2015 at a conversion price of \$40.60. It is our current intent to settle the principal amount of any such conversion in cash, and any additional optional conversions in cash, shares of EnerSys common stock or a combination of cash and shares. The credit facility and significant cash balances allows us considerable flexibility to fund both our organic growth as well as strategic acquisitions.

Other than the 2011 Credit Facility and the Convertible Notes, we have no other significant amount of debt maturing in the near future.

(See *Liquidity and Capital Resources* in Item 7 *MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS* and Note 8 in *Notes to Consolidated Financial Statements* in Item 8).

Our Customers

We serve over 10,000 customers in over 100 countries, on a direct basis or through our distributors. We are not overly dependent on any particular end market. Our customer base is highly diverse and no single customer accounts for more than 5% of our revenues.

Our reserve power customers consist of regional customers as well as global customers. These customers are in diverse markets including telecom, UPS, electric utilities, security systems, emergency lighting, premium starting, lighting and ignition applications and space satellites. In addition, we sell our aerospace and defense products in numerous countries, including the governments of the U.S., Germany and the U.K. and to major defense and aviation original equipment manufacturers ("OEMs").

Our motive power products are sold to a large, diversified customer base. These customers include material handling equipment dealers, OEMs and end users of such equipment. End users include manufacturers, distributors, warehouse operators, retailers, airports, mine operators and railroads.

Distribution and Services

We distribute, sell and service reserve power products globally through a combination of company-owned offices, independent manufacturers' representatives and distributors. With our global manufacturing locations and regional warehouses, we believe we are well positioned to meet our customers' delivery and servicing requirements. We have targeted our approach to meet local market conditions, which we believe provides the best possible service for our regional customers and our global accounts.

We distribute, sell and service motive power products throughout the world, principally through company-owned sales and service facilities, as well as through independent manufacturers' representatives. We believe we are one of the only battery manufacturers in the motive power battery industry that operates a primarily company-owned service network. This company owned network allows us to offer high-quality service, including preventative maintenance programs and customer support. Our warehouses and service locations enable us to respond quickly to customers in the markets we serve. We believe that the extensive industry experience of our sales organization results in strong long-term customer relationships.

Manufacturing and Raw Materials

We manufacture and assemble our products at manufacturing facilities located in the Americas, Europe and Asia. With a view toward projected demand, we strive to optimize and balance capacity at our battery manufacturing facilities globally, while simultaneously minimizing our product cost. By taking a global view of our manufacturing requirements and capacity, we are better able to anticipate potential capacity bottlenecks and equipment and capital funding needs.

The primary raw materials used to manufacture our products include lead, plastics, steel and copper. We purchase lead from a number of leading suppliers throughout the world. Because lead is traded on the world's commodity markets and its price fluctuates daily, we periodically enter into hedging arrangements for a portion of our projected requirements to reduce the volatility of our costs.

Competition

The industrial battery market is highly competitive both among competitors who manufacture and sell industrial batteries and among customers who purchase industrial batteries. Our competitors range from development stage companies to large domestic and international corporations. Certain of our competitors produce energy storage products utilizing technologies that we do not possess at this time. We compete primarily on the basis of reputation, product quality, reliability of service, delivery and price. We believe that our products and services are competitively priced.

Europe

We believe that we have the largest market share in the European industrial battery market. We compete with Exide Technologies, Hoppecke, FIAMM, NorthStar Battery, SAFT as well as Chinese producers in the reserve products market; and Exide Technologies, Hoppecke and Midac in the motive products market.

Americas

We believe that we have the largest market share in the Americas industrial battery market. We compete principally with Exide Technologies and East Penn Manufacturing in the reserve and motive products markets; and C&D Technologies Inc., NorthStar Battery, SAFT and EaglePicher (OM Group) in the reserve products market.

Asia

We have a small share of the fragmented Asian industrial battery market. We compete principally with GS-Yuasa, Shin-Kobe and Zibo Torch in the motive products market and Coslight, Amara Raja, Narada, Leoch, Exide Industries and China Shoto in the reserve products market.

Warranties

Warranties for our products vary geographically and by product type and are competitive with other suppliers of these types of products. Generally, our reserve power product warranties range from one to twenty years and our motive power product warranties range from one to seven-years. The length of our warranties are varied to reflect regional characteristics and competitive influences. In some cases, our warranty period may include a pro rata period, which is typically based around the design life of the product and the application served. Our warranties generally cover defects in workmanship and materials and are limited to specific usage parameters.

Intellectual Property

We have numerous patents and patent licenses in the United States and other jurisdictions but do not consider any one patent to be material to our business. From time to time, we apply for patents on new inventions and designs, but we believe that the growth of our business will depend primarily upon the quality of our products and our relationships with our customers, rather than the extent of our patent protection.

Although other manufacturers may possess certain TPPL technology, we believe we are the only manufacturer of products using this technology in the reserve and motive power markets. Some aspects of this technology may be patented in the future. In any event, we believe that a significant capital investment would be required by any party desiring to produce products using TPPL technology for our markets.

We own or possess exclusive and non-exclusive licenses and other rights to use a number of trademarks in various jurisdictions. We have obtained registrations for many of these trademarks in the United States and other jurisdictions. Our various trademark registrations currently have durations of approximately 10 to 20 years, varying by mark and jurisdiction of registration and may be renewable. We endeavor to keep all of our material registrations current. We believe that many such rights and licenses are important to our business by helping to develop strong brand-name recognition in the marketplace. Some of the significant (registered and unregistered) trademarks that we use include: *ArmaSafePlus*, *Battery Technologies*, *Cyclon*, *DataSafe*, *Deserthog*, *Douglas Battery*, *Douglas Legacy*, *EAS*, *Energia*, *EnerSystem*, *Energy Leader*, *FIAMM Motive Power*, *General Battery*, *Genesis*, *Hawker*, *Huada*, *HUP*, *Ironclad*, *LifeGuard*, *LifePlus*, *Life Speed*, *LifeTech*, *Loadhog*, *Odyssey*, *Oerlikon Battery*, *Oldham*, *Perfect Plus*, *PowerGuard*, *PowerSafe*, *ProSeries*, *Redion*, *Smarthog*, *Superhog*, *Supersafe*, *TeleData*, *Waterless*, *Wi-IQ*, *Workhog* and *XFC*.

Today, our reserve power batteries are marketed and sold principally under the *ABSL*, *ABSL Power*, *ABSL Space*, *ArmaSafePlus*, *Cyclon*, *DataSafe*, *Genesis*, *Hawker*, *Huada*, *Odyssey*, *Oerlikon Battery*, *PowerSafe* and *SuperSafe* brands. Our motive power batteries are marketed and sold principally under the *Douglas Battery*, *Express*, *Fiamm Motive Power*, *General Battery*, *Hawker*, *Huada* and *Ironclad* brands. We also manufacture and sell related “DC” (Direct Current) power products including chargers, electronic power equipment and a wide variety of battery accessories. Our battery products span a broad range of sizes, configurations and electrical capacities, enabling us to meet a wide variety of customer applications.

Seasonality

Our business generally does not experience significant quarterly fluctuations in net sales as a result of weather or other trends that can be directly linked to seasonality patterns. However, our earnings are impacted by our summer manufacturing shutdowns and holidays primarily in the Americas and Western Europe.

Product and Process Development

Our product and process development efforts are focused on the creation and optimization of new battery products using existing technologies, which, in certain cases, differentiate our stored energy solutions from that of our competition. We allocate our resources to the following key areas:

- the design and development of new products;
- optimizing and expanding our existing product offering;
- waste and scrap reduction;
- production efficiency and utilization;
- capacity expansion without additional facilities; and
- quality attribute maximization.

Employees

At March 31, 2012, we had approximately 9,200 employees. Of these employees, approximately 40% were covered by collective bargaining agreements. The average term of these agreements is two years, with the longest term being four years. These agreements expire over the period from calendar years 2012 to 2014.

We consider our employee relations to be good. Historically, we have not experienced any significant labor unrest or disruption of production. However, during our second quarter of fiscal 2012, we were affected by a three-week strike at our manufacturing plant in Poland.

Environmental Matters

In the manufacture of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials, especially lead and acid. As a result, we are subject to extensive and evolving environmental, health and safety laws and regulations governing, among other things: the generation, handling, storage, use, transportation and disposal of hazardous materials; emissions or discharges of hazardous materials into the ground, air or water; and the health and safety of our employees. In addition, we are required to comply with the regulation issued from the European Economic Union called Registration, Evaluation, Authorization and Restriction of Chemicals or “REACH,” that came into force on June 1, 2007. Under the regulation, companies which manufacture or import more than one ton of a chemical substance per year are required to register it in a central database administered by the European Chemicals Agency. REACH requires a registration over a period of 11 years. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws and regulations, or to obtain or comply with required environmental permits,

could result in fines, criminal charges or other sanctions by regulators. From time to time, we have had instances of alleged or actual noncompliance that have resulted in the imposition of fines, penalties and required corrective actions. Our ongoing compliance with environmental, health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue production and require us to install additional pollution control equipment and make other capital improvements. In addition, private parties, including current or former employees, can bring personal injury or other claims against us due to the presence of, or their exposure to, hazardous substances used, stored, transported or disposed of by us or contained in our products.

Certain environmental laws assess liability on owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances at their current or former properties or at properties at which they have disposed of hazardous substances. These laws may also assess costs to repair damage to natural resources. We may be responsible for remediating damage to our properties that was caused by former owners. Soil and groundwater contamination has occurred at some of our current and former properties and may occur or be discovered at other properties in the future. In addition, we have been and may in the future, be liable to contribute to the cleanup of locations owned or operated by other persons to which we or our predecessor companies have sent wastes for disposal, pursuant to federal and other environmental laws. Under these laws, the owner or operator of contaminated properties and companies that generated, disposed of or arranged for the disposal of wastes sent to a contaminated disposal facility can be held jointly and severally liable for the investigation and cleanup of such properties, regardless of fault.

Sumter, South Carolina

We currently are responsible for certain environmental obligations at our former battery facility in Sumter, South Carolina that predate our ownership of this facility. This battery facility was closed in 2001 and is separate from our current metal fabrication facility in Sumter. We have established a reserve for this facility that totaled \$3.0 million as of March 31, 2012. Based on current information, we believe this reserve is adequate to satisfy our environmental liabilities at this facility.

Jiangsu Province, China

In September 2011, the Company's facility in Jiangsu Province, China, was closed by government authorities for an environmental review. After completion of the review, the government authorities allowed the plant to reopen in November 2011 on a conditional basis, with the understanding we would work with the assistance of the government agencies to relocate to a more preferable location.

Environmental and safety certifications

Thirteen of our facilities in the United States, Europe and Asia are certified to ISO 14001 standards. ISO 14001 is a globally recognized, voluntary program that focuses on the implementation, maintenance and continual improvement of an environmental management system and the improvement of environmental performance. Two facilities in Europe and one in Africa are certified to OHSAS 18001 standards.

Quality Systems

We utilize a global strategy for quality management systems, policies and procedures, the basis of which is the ISO 9001:2000 standard, which is a worldwide recognized quality standard. We believe in the principles of this standard and reinforce this by requiring mandatory compliance for all manufacturing, sales and service locations that are registered to the ISO 9001 standard. This strategy enables us to provide consistent quality products and services to meet our customers' needs.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public on the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Our Internet address is <http://www.enersys.com>. We make available free of charge on <http://www.enersys.com> our annual, quarterly and current reports, and amendments to those reports, as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

The following risks and uncertainties, as well as others described in this Annual Report on Form 10-K, could materially and adversely affect our business, our results of operations and financial conditions and could cause actual results to differ materially from our expectations and projections. Stockholders are cautioned that these and other factors, including those beyond our control, may affect future performance and cause actual results to differ from those which may, from time to time, be anticipated. There may be additional risks that are not presently material or known. See "Cautionary Note Regarding Forward-Looking Statements." All forward-looking statements made by us or on our behalf are qualified by the risks described below.

We operate in an extremely competitive industry and are subject to pricing pressures.

We compete with a number of major international manufacturers and distributors, as well as a large number of smaller, regional competitors. Due to excess capacity in some sectors of our industry and consolidation among industrial battery purchasers, we have been subjected to significant pricing pressures. We anticipate continued competitive pricing pressure as foreign producers are able to employ labor at significantly lower costs than producers in the U.S. and Western Europe, expand their export capacity and increase their marketing presence in our major Americas and European markets. Several of our competitors have strong technical, marketing, sales, manufacturing, distribution and other resources, as well as significant name recognition, established positions in the market and long-standing relationships with OEMs and other customers. In addition, certain of our competitors own lead smelting facilities which, during periods of lead cost increases or price volatility, may provide a competitive pricing advantage and reduce their exposure to volatile raw material costs. Our ability to maintain and improve our operating margins has depended, and continues to depend, on our ability to control and reduce our costs. We cannot assure you that we will be able to continue to reduce our operating expenses, to raise or maintain our prices or increase our unit volume, in order to maintain or improve our operating results.

The uncertainty in global economic conditions could negatively affect the Company's operating results.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customer groups operate. Our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. Our products are heavily dependent on the end markets that we serve and our operating results will vary by geographic segment, depending on the economic environment in these markets. Sales of our motive power products, for example, depend significantly on demand for new electric industrial forklift trucks, which in turn depends on end-user demand for additional motive capacity in their distribution and manufacturing facilities. The uncertainty in global economic conditions varies by geographic segment, and can result in substantial volatility in global credit markets, particularly in the United States, where we service the vast majority of our debt. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and earnings generation and result in a material adverse effect on our business, cash flow, results of operations and financial position.

Risk of forced conversion of Convertible Notes which could adversely affect the Company's liquidity.

Under the terms of our Convertible Notes, a holder of Convertible Notes may require the Company to repurchase some or all of the holder's Convertible Notes for cash upon the occurrence of a fundamental change as defined in the indenture and on each of June 1, 2015, 2018, 2023, 2028 and 2033 at a price equal to 100% of the accreted principal amount of the Convertible Notes being repurchased, plus accrued and unpaid interest, if any, in each case. As of March 31, 2012, the Company has \$172.5 million of Convertible Notes outstanding.

It is the Company's current intent to settle the principal amount of any such conversions in cash, and any additional optional conversions in cash, shares of EnerSys common stock or a combination of cash and shares. The Company expects to have available sufficient liquidity to satisfy any such settlement or optional put or conversion. The Convertible Notes will mature on June 1, 2038, unless earlier converted, redeemed or repurchased by the Company.

Reliance on third party relationships and derivative agreements could adversely affect the Company's business.

We depend on third parties, including suppliers, distributors, lead toll operators, freight forwarders, insurance brokers, commodity brokers, major financial institutions and other third party service providers, for key aspects of our business including the provision of derivative contracts to manage risks of: (a) lead cost volatility, (b) foreign currency exposures and (c) interest rate volatility on a portion of our long-term floating-rate debt. Failure of these third parties to meet their contractual, regulatory and other obligations to the Company or the development of factors that materially disrupt our relationships with these third parties could expose us to the risks of higher lead costs, unfavorable foreign currency rates and higher interest expenses, which could have a material adverse effect on our business.

Our raw materials costs are volatile and expose us to significant movements in our product costs.

Lead is our most significant raw material and is used along with significant amounts of plastics, steel, copper and other materials in our manufacturing processes. We estimate that raw material costs account for over half of our cost of goods sold. The costs of these raw materials, particularly lead, are volatile and beyond our control.

Volatile raw material costs can significantly affect our operating results and make period-to-period comparisons extremely difficult. We cannot assure you that we will be able to hedge the costs of our raw material requirements at a reasonable level or pass on to our customers the increased costs of our raw materials.

Our operations expose us to the risk of material environmental, health and safety liabilities, costs, and litigation.

In the manufacture of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials, especially lead and acid. As a result, we are subject to extensive and changing environmental, health and safety laws and regulations governing, among other things: the generation, handling, storage, use, transportation and disposal of hazardous materials; remediation of polluted ground or water; emissions or discharges of hazardous materials into the ground, air or water; and the health and safety of our employees. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws or regulations, or to obtain or comply with required environmental permits, could result in fines, criminal charges or other sanctions by regulators. From time to time we have had instances of alleged or actual noncompliance that have resulted in the imposition of fines, penalties and required corrective actions. Our ongoing compliance with environmental, health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue production and require us to install additional pollution control equipment and make other capital improvements. In addition, private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us or contained in our products.

Certain environmental laws assess liability on owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances at their current or former properties or at properties at which they have disposed of hazardous substances. These laws may also assess costs to repair damage to natural resources. We may be responsible for remediating damage to our properties that was caused by former owners. Soil and groundwater contamination has occurred at some of our current and former properties and may occur or be discovered at other properties in the future. We are currently investigating and monitoring soil and groundwater contamination at several of our properties, in most cases as required by regulatory permitting processes. We may be required to conduct these operations at other properties in the future. In addition, we have been and in the future may be liable to contribute to the cleanup of locations owned or operated by other persons to which we or our predecessor companies have sent wastes for disposal, pursuant to federal and other environmental laws. Under these laws, the owner or operator of contaminated properties and companies that generated, disposed of or arranged for the disposal of wastes sent to a contaminated disposal facility can be held jointly and severally liable for the investigation and cleanup of such properties, regardless of fault.

We cannot assure you that we have been or at all times will be in compliance with environmental laws and regulations or that we will not be required to expend significant funds to comply with, or discharge liabilities arising under, environmental laws, regulations and permits, or that we will not be exposed to material environmental, health or safety litigation.

We are exposed to exchange rate risks, and our net income and financial condition may suffer due to currency translations.

We invoice our foreign sales and service transactions in local and foreign currencies and translate net sales using actual exchange rates during the period. We translate our non-U.S. assets and liabilities into U.S. dollars using current exchange rates as of the balance sheet date. Because a significant portion of our revenues and expenses are denominated in foreign currencies, changes in exchange rates between the U.S. dollar and foreign currencies, primarily the euro, British pound, Polish zloty and Swiss franc may adversely affect our revenue, cost of revenue and operating margins. For example, foreign currency depreciation against the U.S. dollar will reduce the value of our foreign revenues and operating earnings as well as reduce our net investment in foreign subsidiaries. Approximately 60% of net sales were generated outside of the United States for the last three fiscal years.

Most of the risk of fluctuating foreign currencies is in our Europe segment, which comprised just under 50% of our net sales during the last two fiscal years. The euro is the dominant currency in our European operations.

The translation impact from currency fluctuations on net sales and operating earnings in Americas and Asia segments are not significant, as a substantial majority of these net sales and operating earnings are in U.S. dollars or foreign currencies that have been closely correlated to the U.S. dollar.

If foreign currencies depreciate against the U.S. dollar, it would make it more expensive for our non-U.S. subsidiaries to purchase certain of our raw material commodities that are priced globally in U.S. dollars, while the related revenue will decrease when translated to U.S. dollars. Significant movements in foreign exchange rates can have a material impact on our results of operations and financial condition. We periodically engage in hedging of our foreign currency exposures, but cannot assure you that we can successfully hedge all of our foreign currency exposures or do so at a reasonable cost.

We manufacture and assemble our products globally in the Americas, Europe and Asia. Approximately 60% of our sales and expenses are translated in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, our business could be negatively impacted if some of our competitors manufacture in countries that have a depreciating currency versus the currency in countries where we manufacture. Also, as we report our financial statements in the U.S. dollar, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the euro, British pound, Polish zloty, Chinese renminbi and Mexican peso.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, we have currency exposures from intercompany financing and trade transactions. On a selective basis, we enter into foreign currency forward contracts and option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our operations in the future.

Our international operations may be adversely affected by actions taken by foreign governments or other forces or events over which we may have no control.

We currently have significant manufacturing and/or distribution facilities outside of the United States, in Argentina, Australia, Belgium, Brazil, Canada, Bulgaria, China, the Czech Republic, France, Germany, India, Italy, Mexico, Poland, South Africa, Spain, Switzerland, Tunisia and the United Kingdom. We may face political instability, economic uncertainty, and/or difficult labor relations in our foreign operations. We also may face barriers in the form of long-standing relationships between potential customers and their existing suppliers, national policies favoring domestic manufacturers and protective regulations including exchange controls, restrictions on foreign investment or the repatriation of profits or invested capital, changes in export or import restrictions and changes in the tax system or rate of taxation in countries where we do business. We cannot assure you that we will be able to successfully develop and expand our international operations and sales or that we will be able to overcome the significant obstacles and risks of our international operations.

Our failure to introduce new products and product enhancements and broad market acceptance of new technologies introduced by our competitors could adversely affect our business.

Many new energy storage technologies have been introduced over the past several years. For certain important and growing markets, such as aerospace and defense, lithium-based battery technologies have a large and growing market share. Our ability to achieve significant and sustained penetration of key developing markets, including aerospace and defense, will depend upon our success in developing or acquiring these and other technologies, either independently, through joint ventures or through acquisitions. If we fail to develop or acquire, and manufacture and sell, products that satisfy our customers' demands, or we fail to respond effectively to new product announcements by our competitors by quickly introducing competitive products, then market acceptance of our products could be reduced and our business could be adversely affected. We cannot assure you that our lead-acid products will remain competitive with products based on new technologies.

We may not be able to adequately protect our proprietary intellectual property and technology.

We rely on a combination of copyright, trademark, patent and trade secret laws, non-disclosure agreements and other confidentiality procedures and contractual provisions to establish, protect and maintain our proprietary intellectual property and technology and other confidential information. Certain of these technologies, especially TPPL technology, are important to our business and are not protected by patents. Despite our efforts to protect our proprietary intellectual property and technology and other confidential information, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property and proprietary technologies.

Relocation of our customers' operations could adversely affect our business.

The trend by a number of our North American and Western European customers to move manufacturing operations and expand their businesses in faster growing and low labor-cost markets may have an adverse impact on our business. As our customers in traditional manufacturing-based industries seek to move their manufacturing operations to these locations, there is a risk that these customers will source their energy storage products from competitors located in those territories and will cease or reduce the purchase of products from our manufacturing plants. We cannot assure you that we will be able to compete effectively with manufacturing operations of energy storage products in those territories, whether by establishing or expanding our manufacturing operations in those lower-cost territories or acquiring existing manufacturers.

We may fail to implement our cost reduction initiatives successfully and improve our profitability.

We must continue to implement cost reduction initiatives to achieve additional cost savings in future periods. We cannot assure you that we will be able to achieve all of the cost savings that we expect to realize from current or future initiatives. In particular, we may be unable to implement one or more of our initiatives successfully or we may experience unexpected cost increases that offset the savings that we achieve. Given the continued competitive pricing pressures experienced in our industry, our failure to realize cost savings would adversely affect our results of operations.

Quality problems with our products could harm our reputation and erode our competitive position.

The success of our business will depend upon the quality of our products and our relationships with customers. In the event that our products fail to meet our customers' standards, our reputation could be harmed, which would adversely affect our marketing and sales efforts. We cannot assure you that our customers will not experience quality problems with our products.

We offer our products under a variety of brand names, the protection of which is important to our reputation for quality in the consumer marketplace.

We rely upon a combination of trademark, licensing and contractual covenants to establish and protect the brand names of our products. We have registered many of our trademarks in the U.S. Patent and Trademark Office and in other countries. In many market segments, our reputation is closely related to our brand names. Monitoring unauthorized use of our brand names is difficult, and we cannot be certain that the steps we have taken will prevent their unauthorized use, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S. We cannot assure you that our brand names will not be misappropriated or utilized without our consent or that such actions will not have a material adverse effect on our reputation and on our results of operations.

We may fail to implement our plans to make acquisitions or successfully integrate them into our operations.

As part of our business strategy, we have grown, and plan to continue growing, by acquiring other product lines, technologies or facilities that complement or expand our existing business. There is significant competition for acquisition targets in the industrial battery industry. We may not be able to identify suitable acquisition candidates or negotiate attractive terms. In addition, we may have difficulty obtaining the financing necessary to complete transactions we pursue. In that regard, our credit facilities restrict the amount of additional indebtedness that we may incur to finance acquisitions and place other restrictions on our ability to make acquisitions. Exceeding any of these restrictions would require the consent of our lenders. We may be unable to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and we may not be able to realize related revenue synergies and cost savings within expected time frames. Our failure to execute our acquisition strategy could have a material adverse effect on our business. We cannot assure you that our acquisition strategy will be successful or that we will be able to successfully integrate acquisitions we do make.

Any acquisitions that we complete may dilute stockholder ownership interests in EnerSys, may have adverse effects on our financial condition and results of operations and may cause unanticipated liabilities.

Future acquisitions may involve the issuance of our equity securities as payment, in part or in full, for the businesses or assets acquired. Any future issuances of equity securities would dilute stockholder ownership interests. In addition, future acquisitions might not increase, and may even decrease our earnings or earnings per share and the benefits derived by us from an acquisition might not outweigh or might not exceed the dilutive effect of the acquisition. We also may incur additional debt or suffer adverse tax and accounting consequences in connection with any future acquisitions.

The failure or security breach of critical computer systems could seriously affect our sales and operations.

We operate a number of critical computer systems throughout our business that can fail for a variety of reasons. If such a failure were to occur, we may not be able to sufficiently recover from the failure in time to avoid the loss of data or any adverse impact on certain of our operations that are dependent on such systems. This could result in lost sales and the inefficient operation of our facilities for the duration of such a failure.

We operate a number of critical computer systems throughout our business for the exchange of information both within the company and in communicating with third parties. Despite our efforts to protect the integrity of our systems and network as well as sensitive, confidential or personal data or information, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, programming and/or human errors that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness, and results of operations.

Our ability to maintain adequate credit facilities.

Our ability to continue our ongoing business operations and fund future growth depends on our ability to maintain adequate credit facilities and to comply with the financial and other covenants in such credit facilities or to secure alternative sources of financing. However, such credit facilities or alternate financing may not be available or, if available, may not be on terms favorable to us.

Our indebtedness could adversely affect our financial condition and results of operations.

As of March 31, 2012, we had \$256.1 million of total consolidated debt (including capital lease obligations). This level of debt could:

- increase our vulnerability to adverse general economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings bear, and will continue to bear, interest at floating rates;
- require us to dedicate a substantial portion of our cash flow from operations to debt service payments, which would reduce the availability of our cash to fund working capital, capital expenditures or other general corporate purposes, including acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- restrict our ability to introduce new products or new technologies or exploit business opportunities;
- place us at a disadvantage compared with competitors that have proportionately less debt;
- limit our ability to borrow additional funds in the future, if we need them, due to financial and restrictive covenants in our debt agreements;
- have a material adverse effect on us if we fail to comply with the financial and restrictive covenants in our debt agreements; and
- dilute share ownership percentage if the Company's share price is higher than the Convertible Notes' conversion price of \$40.60 per share.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's worldwide headquarters is located in Reading, Pennsylvania. Geographic headquarters for our Americas, Europe and Asia segments are located in Reading, Pennsylvania, Zurich, Switzerland and Singapore, respectively. The Company owns approximately 80% of its manufacturing facilities and distribution centers worldwide. The following sets forth the Company's principal owned or leased facilities by business segment:

Americas: Colorado, Kansas, Kentucky, Missouri, Ohio, Pennsylvania, South Carolina and Tennessee in the United States, Monterrey and Tijuana in Mexico, Argentina and Brazil in South America.

Europe: Bulgaria, Czech Republic, France, Germany, Poland, UK, South Africa and Tunisia.

Asia: Jiangdu, Shantou and Shuangqiao in China and Andhra Pradesh in India.

We consider our plants and facilities, whether owned or leased, to be in satisfactory condition and adequate to meet the needs of our current businesses and projected growth. Information as to material lease commitments is included in Note 9, "Leases," to the consolidated financial statements appearing in this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in litigation incidental to the conduct of our business. We do not expect that any of this litigation, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flow.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common stock has been listed on the New York Stock Exchange under the symbol "ENS" since it began trading on July 30, 2004. Prior to that time, there had been no public market for our common stock. The following table sets forth, on a per share basis for the periods presented, the range of high, low and closing prices of the Company's common stock.

<u>Quarter Ended</u>	<u>High Price</u>	<u>Low Price</u>	<u>Closing Price</u>
March 31, 2012	\$36.15	\$25.93	\$34.65
January 1, 2012	27.25	17.50	25.97
October 2, 2011	36.48	17.35	20.02
July 3, 2011	40.32	30.95	35.21
March 31, 2011	\$39.90	\$31.33	\$39.75
January 2, 2011	33.52	24.44	32.12
October 3, 2010	25.50	20.93	25.08
July 4, 2010	27.23	20.74	21.32

Holder of Record

As of May 21, 2012, there were approximately 344 record holders of common stock of the Company. Because many of these shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of stockholders represented by these record holders.

Dividends

We have never paid or declared any cash dividends on our common stock, and we have certain restrictions from doing so pursuant to our credit agreements. We currently intend to retain any earnings for future growth and, therefore, do not expect to pay any cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

During the three fiscal years ended March 31, 2012, we did not issue any unregistered securities.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The table below sets forth information regarding the Company's purchases of its common stock during its fourth quarter ended March 31, 2012:

Period	Purchases of Equity Securities			
	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs ⁽²⁾
January 2, 2012- January 29, 2012	—	\$ —	—	80,692
January 30, 2012-February 26, 2012	10,530 ⁽¹⁾	34.24	—	137,475
February 27, 2012-March 31, 2012	5,807 ⁽¹⁾	34.80	—	151,562
Total	<u>16,337</u>	<u>\$34.44</u>	<u>—</u>	

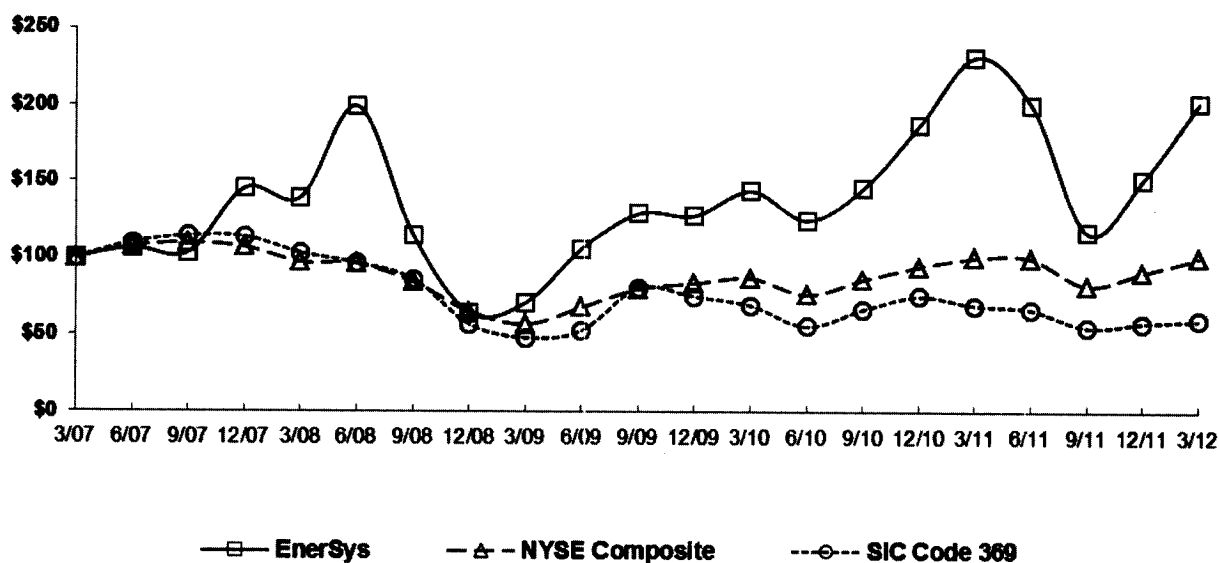
- (1) These amounts represent the number of shares of common stock we purchased from participants in our equity incentive plans. As provided by our equity incentive plans, vested options outstanding may be exercised through surrender to the Company of option shares or vested options outstanding under the respective plans to satisfy the applicable aggregate exercise price (and any withholding tax) required to be paid upon such exercise.
- (2) On May 26, 2011, the Company's Board of Directors authorized the Company to repurchase up to the number of shares exercised through previous stock option awards and common stock issued under the 2010 Equity Incentive Plan.

STOCK PERFORMANCE GRAPH

The following graph compares the changes in cumulative total returns on EnerSys' common stock with the changes in cumulative total returns of the New York Stock Exchange Composite Index, a broad equity market index, and the total return on a selected peer group index. The peer group selected is based on the standard industrial classification codes ("SIC Codes") established by the U.S. government. The index chosen was "Miscellaneous Electrical Equipment and Suppliers" and comprises all publically traded companies having the same three-digit SIC Code (369) as EnerSys.

The graph was prepared assuming that \$100 was invested in EnerSys' common stock, the New York Stock Exchange Composite Index and the peer group (duly updated for changes) on March 31, 2007.

Comparison Of Five Year Cumulative Total Return* For Year Ended March 31, 2012 Among EnerSys, the NYSE Composite Index and SIC Code 369



*\$100 invested on 3/31/07 in stock or index, including reinvestment of dividends.

ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Year Ended March 31,				
	2012	2011	2010	2009	2008
	(In thousands, except per share data)				
Consolidated Statements of Income:					
Net sales	\$ 2,283,369	\$ 1,964,462	\$ 1,579,385	\$ 1,972,867	\$ 2,026,640
Cost of goods sold	1,770,664	1,514,618	1,218,481	1,559,433	1,644,753
Gross profit	512,705	449,844	360,904	413,434	381,887
Operating expenses	297,806	259,217	235,597	256,507	249,350
Legal proceedings (settlement income) charge	(900)	—	—	3,366	—
Restructuring charges	4,988	6,813	13,929	22,424	13,191
Bargain purchase gain	—	—	(2,919)	—	—
Gain on sale of facilities	—	—	—	(11,308)	—
Operating earnings	210,811	183,814	114,297	142,445	119,346
Interest expense	16,484	22,038	22,658	26,733	28,917
Charges related to refinancing	—	8,155	—	5,209	—
Other (income) expense, net	3,068	2,177	4,384	(8,597)	4,234
Earnings before income taxes	191,259	151,444	87,255	119,100	86,195
Income tax expense	47,292	38,018	24,951	37,170	26,499
Net earnings	143,967	113,426	62,304	81,930	59,696
Net losses attributable to noncontrolling interests	(36)	—	—	—	—
Net earnings attributable to EnerSys stockholders	<u>\$ 144,003</u>	<u>\$ 113,426</u>	<u>\$ 62,304</u>	<u>\$ 81,930</u>	<u>\$ 59,696</u>
Net earnings per share attributable to EnerSys stockholders:					
Basic	\$ 2.95	\$ 2.30	\$ 1.29	\$ 1.68	\$ 1.25
Diluted	2.93	2.27	1.28	1.66	1.22
Weighted average shares of common stock outstanding:					
Basic	48,748,205	49,376,132	48,122,207	48,824,434	47,645,225
Diluted	49,216,035	50,044,246	48,834,095	49,420,303	48,644,450

	Fiscal Year Ended March 31,				
	2012	2011	2010	2009	2008
	(In thousands)				
Consolidated cash flow data:					
Net cash provided by operating activities	\$204,196	\$ 76,459	\$136,602	\$219,437	\$ 4,018
Net cash used in investing activities	(73,420)	(91,661)	(77,244)	(46,810)	(62,150)
Net cash (used in) provided by financing activities	(78,382)	(82,677)	(24,472)	(23,196)	39,558
Other operating data:					
Capital expenditures	48,943	59,940	45,111	57,143	45,037

	As of March 31,				
	2012	2011	2010	2009	2008
			(In thousands)		
Consolidated balance sheet data:					
Cash and cash equivalents	\$ 160,490	\$ 108,869	\$ 201,042	\$ 163,161	\$ 20,620
Working capital	611,372	554,164	475,768	429,769	389,480
Total assets	1,919,279	1,828,387	1,652,010	1,492,851	1,710,790
Total debt, including capital leases . .	256,101	253,400	350,486	375,656	426,754
Total EnerSys stockholders' equity . .	1,032,195	974,331	779,897	670,151	691,543

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition for the fiscal years ended March 31, 2012, 2011, and 2010, should be read in conjunction with our audited consolidated financial statements and the notes to those statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. Our discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, opinions, expectations, anticipations and intentions and beliefs. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors. See "Cautionary Note Regarding Forward-Looking Statements," "Business" and "Risk Factors," sections elsewhere in this Annual Report on Form 10-K. In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered "non-GAAP financial measures" under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is provided in this Annual Report on Form 10-K.

EnerSys' management uses the non-GAAP measures, EBITDA and Adjusted EBITDA, in their computation of compliance with loan covenants. These measures, as used by EnerSys, adjust net earnings determined in accordance with GAAP for interest, taxes, depreciation and amortization, and certain charges or credits as permitted by our credit agreements, that were recorded during the periods presented.

EnerSys' management uses the non-GAAP measures, Primary Working Capital and Primary Working Capital Percentage (see definition in "Overview" below) along with capital expenditures, in their evaluation of business segment cash flow and financial position performance.

These non-GAAP disclosures have limitations as analytical tools, should not be viewed as a substitute for cash flow or operating earnings determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. This supplemental presentation should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to operating earnings determined in accordance with GAAP.

Overview

We are the global leader in stored energy solutions for industrial applications. We manufacture, market and distribute industrial batteries and related products such as chargers, power equipment and battery accessories, and we provide related after-market and customer-support services for industrial batteries. We market and sell our products globally to over 10,000 customers in more than 100 countries through a network of distributors, independent representatives and our internal sales force.

We operate and manage our business in three geographic regions of the world—Americas, Europe and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world.

More than half of our manufacturing capacity is located outside of the United States, and approximately 60% of our net sales are generated outside of the United States. The Company has three reportable business segments based on geographic regions, defined as follows:

- **Americas**, which includes North and South America, with our segment headquarters in Reading, Pennsylvania, USA,
- **Europe**, which includes Europe, the Middle East and Africa, with our segment headquarters in Zurich, Switzerland, and
- **Asia**, which includes Asia, Australia and Oceania, with our segment headquarters in Singapore.

See Note 23 to the Consolidated Financial Statements for segment related disclosures.

We evaluate business segment performance based primarily upon operating earnings, exclusive of highlighted items. Highlighted items are those that the Company deems are not indicative of ongoing operating results, including those charges that the Company incurs as a result of restructuring activities and those charges and credits that are not directly related to ongoing business segment performance. All corporate and centrally incurred costs are allocated to the business segments based principally on net sales. We evaluate business segment cash flow and financial position performance based primarily upon capital expenditures and Primary Working Capital levels (see definition of Primary Working Capital in “Liquidity and Capital Resources” below).

Our management structure, financial reporting systems, and associated internal controls and procedures, are all consistent with our three geographic business segments. We report on a March 31 fiscal year-end. Our financial results are largely driven by the following factors:

- global economic conditions and general cyclical patterns of the industries in which our customers operate;
- changes in our selling prices and, in periods when our product costs increase, our ability to raise our selling prices to pass such cost increases through to our customers;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- the extent to which we can control our fixed and variable costs, including those for our raw materials, manufacturing, distribution and operating activities;
- changes in our level of debt and changes in the variable interest rates under our credit facilities; and
- the size and number of acquisitions and our ability to achieve their intended benefits.

We have two primary industrial battery product lines: reserve power products and motive power products. Net sales classifications by product line are as follows:

- **Reserve power products** are used for backup power for the continuous operation of critical applications in telecommunications systems, UPS applications for computer and computer-controlled systems, and other specialty power applications, including security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities and energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships, tactical vehicles and portable energy packs.
- **Motive power products** are used to provide power for manufacturing, warehousing and other material handling equipment, primarily electric industrial forklift trucks, mining equipment, diesel locomotive starting and other rail equipment.

Current Market Conditions

Economic Climate

Recent indicators suggest a mixed trend in economic activity among our different geographical regions. The Americas region continues its economic recovery which has been in place since fiscal 2010. Asia's economic expansion continues but at a slower rate. The sovereign debt crisis in Europe is a factor in slowing overall economic growth in this region and leading to declining economic growth in many of the Western European countries. Overall, on a consolidated basis, we have experienced positive trends in our quarterly revenue and order rate.

We believe we are well positioned to take advantage of future growth in our markets. We have taken numerous steps to restructure our manufacturing base and administrative operations to reduce our costs. We expect the economic climate and our strong capital structure will be conducive to a continuation of acquisitions which will help grow our business faster than the overall market growth.

Volatility of Commodities and Foreign Currencies

Our most significant commodity and foreign currency exposures are related to lead and the euro. Volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. As the global economic climate changes, we anticipate that our commodity costs may continue to fluctuate significantly as they have in the past several years. The increase in our cost of lead due to increases in average lead prices was approximately \$59 million in fiscal 2012 compared to fiscal 2011.

Customer Pricing

Our selling prices fluctuated during the last several years to offset the volatile cost of commodities. Beginning in the third quarter of fiscal 2009, as a result of reductions in the cost of lead, our average selling prices began to decline on a sequential quarterly basis. As the cycle of lead costs turned upward in early fiscal 2010, we began to increase average selling prices to help offset the higher costs. During fiscal 2011 and 2012, our selling prices increased to reflect the rising commodity prices. Selling price increases offset approximately \$49 million of the increased commodity costs of \$72 million in fiscal 2012. Approximately 35% to 40% of our revenue is currently subject to agreements that adjust pricing to a market-based index for lead.

Liquidity and Capital Resources

Current market conditions related to our liquidity and capital resources are favorable. In March 2011, we refinanced our 2008 senior secured credit facility, comprising a \$225 million Term A Loan and a \$125 million revolving credit line (collectively the "2008 Credit Facility"), gaining additional flexibility in terms and an extended maturity to March 2016. We believe current conditions remain favorable for the Company to have continued positive cash flow from operations that, along with available cash and cash equivalents and our undrawn lines of credit, will be sufficient to fund our capital expenditures, acquisitions and other investments for growth.

Our cash flows from operating activities were \$204 million and \$76 million during fiscal 2012 and 2011, respectively. We invested \$49 million and \$60 million in capital expenditures, and \$25 million and \$32 million in new business opportunities in fiscal 2012 and 2011, respectively.

As a result of the above actions, at March 31, 2012, our financial position is strong and we have substantial liquidity with \$160 million of available cash and cash equivalents, \$282 million of undrawn, committed credit lines, and over \$95 million of uncommitted credit lines. We believe we have the financial resources and the capital available to remain active in pursuing further investment and acquisition opportunities.

Cost Savings Initiatives-Restructuring

Cost savings programs remain a continuous element of our business strategy and are directed primarily at further reductions in plant manufacturing (labor and overhead), raw materials costs and our operating expenses (primarily selling, general and administrative). Numerous individual cost savings opportunities are identified and evaluated by management with a formal selection and approval process that results in an ongoing list of cost savings projects to be implemented. In order to realize cost savings benefits for a majority of these initiatives, costs are incurred either in the form of capital expenditures, funding the cash obligations of previously recorded restructuring expenses or current period expenses.

During fiscal 2009 and fiscal 2010, we announced a plan to restructure certain of our European and American operations, which resulted in the reduction of approximately 470 employees on completion of the plan. These actions were primarily in Europe, the most significant of which was the closure of our leased Italian manufacturing facility and the opening of a new Italian distribution center to continue to provide responsive service to our customers in that market. Total charges for these actions amounted to approximately \$32 million, which includes cash expenses of approximately \$23 million, primarily for employee severance-related payments, and a non-cash charge of approximately \$9 million, primarily for impairment of fixed assets. Based on the applicable accounting guidance, we recorded restructuring charges of \$19.1 million in fiscal 2009, \$12.4 million in fiscal 2010 and \$0.4 million in fiscal 2011. As of March 31, 2012 this plan has been completed. Our fiscal 2012 operating results reflect virtually all of the estimated \$24 million of favorable annualized pre-tax earnings impact related to those actions.

In fiscal 2010, we began the restructuring programs primarily related to the Oerlikon acquisition in Europe and completed the restructuring as of March 31, 2012.

During fiscal 2011, we began further restructuring programs related to our European operations, including distribution, which upon completion is expected to result in the reduction of approximately 60 employees. Our fiscal 2012 operating results reflect approximately half of the estimated \$4 million of favorable annualized pre-tax earnings impact of these programs, with the remainder expected to be experienced in future periods.

In addition, during fiscal 2012 we announced restructuring programs related to our operations in Europe, primarily consisting of the transfer of manufacturing of select products between certain of our manufacturing operations and restructuring of our selling, general and administrative operations. These actions are expected to result in the reduction of approximately 80 employees upon completion. Our fiscal 2012 operating results reflect approximately \$1 million of the estimated \$5 million of favorable annualized pre-tax earnings impact of the fiscal 2012 programs.

The Company expects to be committed to approximately a total of \$1 million of expenses for the remaining fiscal 2011 and 2012 restructuring programs in fiscal 2013.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in Notes to Consolidated Financial Statements in Item 8. In preparing our financial statements, management is required to make estimates and assumptions that, among other things, affect the reported amounts of assets, liabilities, sales and expense. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial condition and operating performance. We discuss below the more significant estimates and related assumptions used in the preparation of our consolidated financial statements. If actual results were to differ materially from the estimates made, the reported results could be materially affected.

Revenue Recognition

We recognize revenue when the earnings process is complete. This occurs when risk and title transfers, collectability is reasonably assured and pricing is fixed and determinable. Shipment terms to our battery product customers are either shipping point or destination and do not differ significantly between our business segments of the world. Accordingly, revenue is recognized when risk and title is transferred to the customer. Amounts invoiced to customers for shipping and handling are classified as revenue. Taxes on revenue producing transactions are not included in net sales.

We recognize revenue from the service of reserve power and motive power products when the respective services are performed.

Management believes that the accounting estimates related to revenue recognition are critical accounting estimates because they require reasonable assurance of collection of revenue proceeds and completion of all performance obligations. Also, revenues are recorded net of provisions for sales discounts and returns, which are established at the time of sale. These estimates are based on our past experience.

Asset Impairment Determinations

We test for the impairment of our goodwill and indefinite lived trade names at least annually and whenever events or circumstances occur indicating that a possible impairment has been incurred. We utilize financial projections of our business segments, certain cash flow measures, as well as our market capitalization in the determination of the fair value of these assets.

With respect to our other long-lived assets other than goodwill and indefinite lived trade names, we test for impairment when indicators of impairment are present. An asset is considered impaired when the undiscounted estimated net cash flows expected to be generated by the asset are less than its carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset.

In making future cash flow analyses of goodwill and other long-lived assets, we make assumptions relating to the following:

- The intended use of assets and the expected future cash flows resulting directly from such use;
- Industry specific economic conditions;
- Competitor activities and regulatory initiatives; and
- Client and customer preferences and patterns.

We believe that an accounting estimate relating to asset impairment is a critical accounting estimate because the assumptions underlying future cash flow estimates are subject to change from time to time and the recognition of an impairment could have a significant impact on our financial statements.

Litigation and Claims

From time to time the Company has been or may be a party to various legal actions and investigations including, among others, employment matters, compliance with government regulations, federal and state employment laws, including wage and hour laws, contractual disputes and other matters, including matters arising in the ordinary course of business. These claims may be brought by, among others, governments, customers, suppliers and employees. Management considers the measurement of litigation reserves as a critical accounting estimate because of the significant uncertainty in some cases relating to the outcome of potential claims or litigation and the difficulty of predicting the likelihood and range of potential liability involved, coupled with the material impact on our results of operations that could result from litigation or other claims. In determining legal reserves, management considers, among other issues:

- Interpretation of contractual rights and obligations;
- The status of government regulatory initiatives, interpretations and investigations;

- The status of settlement negotiations;
- Prior experience with similar types of claims;
- Whether there is available insurance coverage; and
- Advice of outside counsel.

Environmental Loss Contingencies

Accruals for environmental loss contingencies (i.e., environmental reserves) are recorded when it is probable that a liability has been incurred and the amount can reasonably be estimated. Management views the measurement of environmental reserves as a critical accounting estimate because of the considerable uncertainty surrounding estimation, including the need to forecast well into the future. From time to time we may be involved in legal proceedings under federal, state and local, as well as international environmental laws in connection with our operations and companies that we have acquired. The estimation of environmental reserves is based on the evaluation of currently available information, prior experience in the remediation of contaminated sites and assumptions with respect to government regulations and enforcement activity, changes in remediation technology and practices, and financial obligations and credit worthiness of other responsible parties and insurers.

Warranty

We record a warranty reserve for possible claims against our product warranties, which generally run for a period ranging from one to twenty years for our reserve power batteries and for a period ranging from one to seven years for our motive power batteries. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Management believes that the accounting estimate related to the warranty reserve is a critical accounting estimate because the underlying assumptions used for the reserve can change from time to time and warranty claims could potentially have a material impact on our results of operations.

Allowance for Doubtful Accounts

We encounter risks associated with sales and the collection of the associated accounts receivable. We record a provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate provision, management analyzes the creditworthiness of specific customers and the aging of customer balances. Management also considers general and specific industry economic conditions, industry concentration and contractual rights and obligations.

Management believes that the accounting estimate related to the allowance for doubtful accounts is a critical accounting estimate because the underlying assumptions used for the allowance can change from time to time and uncollectible accounts could potentially have a material impact on our results of operations.

Retirement Plans

We use certain assumptions in the calculation of the actuarial valuation of our defined benefit plans. These assumptions include the discount rate, expected long-term rates of return on assets and rates of increase in compensation levels. Changes in these assumptions can result in changes to the recognized pension expense and recorded liabilities.

We account for our defined benefit pension plans in accordance with the Financial Accounting Standards Board ("FASB") guidance. The guidance requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's overfunded status or a liability for a plan's underfunded status,

measure a defined benefit postretirement plan's assets and obligation that determine its funded status as of the end of the employer's fiscal year, and recognize changes in the funded status of a defined benefit postretirement plan in comprehensive income in the year in which the change occurs.

Critical accounting estimates and assumptions related to the actuarial valuation of our defined benefit plans are evaluated periodically as conditions warrant and changes to such estimates are recorded.

Equity-Based Compensation

We recognize compensation cost relating to equity-based payment transactions by using a fair-value measurement method, in accordance with FASB guidance on accounting for share-based payment. FASB guidance requires all equity-based payments to employees, including grants of restricted stock units, stock options and market share units, to be recognized as compensation expense based on fair value at grant date over the requisite service period of the awards. We determine the fair value of restricted stock units based on the quoted market price of our common stock on the date of grant. The fair value of stock options is determined using the Black-Scholes option-pricing model, which uses both historical and current market data to estimate the fair value. The fair value of market share units is estimated at the date of grant using a binomial lattice model. Both models incorporate various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the awards. When estimating the requisite service period of the awards, we consider many related factors including types of awards, employee class, and historical experience. Actual results, and future changes in estimates of the requisite service period may differ substantially from our current estimates.

Income Taxes

Our effective tax rate is based on pretax income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. We account for income taxes in accordance with FASB guidance on accounting for income taxes, which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between book and tax bases on recorded assets and liabilities. FASB guidance also requires that deferred tax assets be reduced by a valuation allowance, when it is more likely than not that a tax benefit will not be realized.

The recognition and measurement of a tax position is based on management's best judgment given the facts, circumstances and information available at the reporting date. In accordance with FASB guidance on accounting for uncertainty in income taxes, we evaluate tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit in the financial statements. If the more likely than not threshold is not met in the period for which a tax position is taken, we may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

We evaluate, on a quarterly basis, our ability to realize deferred tax assets by assessing our valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

To the extent we prevail in matters for which reserves have been established, or are required to pay amounts in excess of our reserves, our effective tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement would require use of cash and result in an increase in the effective tax rate in the year of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the year of resolution.

Results of Operations—Fiscal 2012 Compared to Fiscal 2011

The following table presents summary consolidated statement of income data for fiscal year ended March 31, 2012, compared to fiscal year ended March 31, 2011:

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net sales	\$2,283.4	100.0%	\$1,964.4	100.0%	\$319.0	16.2%
Cost of goods sold	1,770.7	77.6	1,514.6	77.1	256.1	16.9
Gross profit	512.7	22.4	449.8	22.9	62.9	14.0
Operating expenses	297.8	13.0	259.2	13.2	38.6	14.9
Legal proceedings settlement income	(0.9)	(0.1)	—	—	(0.9)	NM
Restructuring charges	5.0	0.2	6.8	0.4	(1.8)	(26.8)
Operating earnings	210.8	9.3	183.8	9.4	27.0	14.7
Interest expense	16.5	0.7	22.0	1.1	(5.5)	(25.2)
Other (income) expense, net	3.1	0.2	2.2	0.2	0.9	40.9
Charges related to refinancing	—	—	8.2	0.4	(8.2)	NM
Earnings before income taxes	191.2	8.4	151.4	7.7	39.8	26.3
Income tax expense	47.3	2.1	38.0	1.9	9.3	24.4
Net earnings	143.9	6.3	113.4	5.8	30.5	26.9
Net losses attributable to noncontrolling interests	(0.1)	—	—	—	(0.1)	NM
Net earnings attributable to EnerSys Stockholders	<u>\$ 144.0</u>	<u>6.3%</u>	<u>\$ 113.4</u>	<u>5.8%</u>	<u>\$ 30.6</u>	<u>27.0%</u>

NM = not meaningful

Overview

Our sales in fiscal 2012 were approximately \$2.3 billion, a 16.2% increase from prior year sales primarily due to an improvement in organic volume and acquisitions of approximately 8% and 4%, respectively. Despite higher sales, the gross margin percentage in fiscal 2012 was down 50 basis points at 22.4% versus 22.9% in fiscal 2011, due mainly to higher commodity costs and unforeseen plant interruptions at two of our facilities.

Our financial position continues to be strong and we have substantial liquidity from our cash and cash equivalents, committed and uncommitted credit lines and our 2011 Credit Facility. Our positive cash flows and liquidity have enabled us to continue to invest in new business opportunities such as acquisitions in South Africa, South America, Germany and India and share repurchases.

A discussion of specific fiscal 2012 versus fiscal 2011 operating results follows, including an analysis and discussion of the results of our business segments.

Net Sales

Total net sales increased 16.2% or \$319 million in fiscal 2012 from fiscal 2011. This was due to an 8% or \$149 million increase in organic volume and price increases of 2% or \$49 million. Acquisitions in fiscal 2012 added approximately 4% or \$73 million to net sales. Fluctuations in the U.S. dollar versus foreign currencies increased sales by 2% or \$48 million.

Fluctuations in foreign currencies had a positive impact on sales of fiscal 2012 versus fiscal 2011. The euro exchange rate to the U.S. dollar averaged \$1.39 / € in fiscal 2012, compared to \$1.33 / € in fiscal 2011 and \$1.42 / € in fiscal 2010.

Net sales by business segment were as follows:

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%
Europe	\$ 995.4	43.6%	\$ 890.3	45.3%	\$105.1	11.8%
Americas	1,082.8	47.4	896.6	45.7	186.2	20.8
Asia	205.2	9.0	177.5	9.0	27.7	15.6
Total net sales	<u>\$2,283.4</u>	<u>100.0%</u>	<u>\$1,964.4</u>	<u>100.0%</u>	<u>\$319.0</u>	<u>16.2%</u>

The Europe segment's revenue increased by \$105.1 million or 11.8% in fiscal 2012, as compared to fiscal 2011. Acquisitions and currency translation impact contributed approximately 5% and 4%, respectively, while increases in pricing contributed approximately 2%. Organic volume in Europe was flat.

The Americas segment's revenue increased by \$186.2 million or 20.8% in fiscal 2012, as compared to fiscal 2011, primarily due to higher organic volume, which contributed approximately a 15% increase. Price increases and acquisitions contributed approximately 3% each to the improvement.

The Asia segment's revenue increased by \$27.7 million or 15.6% in fiscal 2012 as compared to fiscal 2011. Higher organic volume and currency translation impact contributed approximately 8% and a 7%, respectively, while increases in pricing contributed approximately 1%.

Net sales by product line were as follows:

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Reserve power	\$1,092.7	47.9%	\$ 970.4	49.4%	\$122.3	12.6%
Motive power	1,190.7	52.1	994.0	50.6	196.7	19.8
Total net sales	<u>\$2,283.4</u>	<u>100.0%</u>	<u>\$1,964.4</u>	<u>100.0%</u>	<u>\$319.0</u>	<u>16.2%</u>

Sales in our reserve power product line increased in fiscal 2012 by \$122.3 million or 12.6% compared to the prior year primarily due to acquisitions and higher organic volume which contributed approximately 5% and 4%, respectively. Currency translation impact and price increases contributed approximately 3% and 1%, respectively.

Sales in our motive power product line increased in fiscal 2012 by \$196.7 million or 19.8% compared to the prior year primarily due to an increase in organic volume of approximately 11%. Price increases, acquisitions and currency translation impact contributed approximately 4%, 3% and 2%, respectively.

Gross Profit

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Gross profit	\$512.7	22.4%	\$449.8	22.9%	\$62.9	14.0%

Gross profit increased \$62.9 million or 14.0% in fiscal 2012 compared to fiscal 2011. Gross profit, excluding the effect of foreign currency translation, increased \$55 million or 12.3% in fiscal 2012 compared to fiscal 2011. Lead costs represented approximately 34% of total cost of goods sold for fiscal 2012 as compared to

approximately 33% of total cost of goods sold for fiscal 2011. We have made great efforts to sustain gross margin in an environment of rising commodity and energy costs, and continue to focus on a wide variety of sales initiatives, which include improving product mix to higher margin products and obtaining appropriate pricing for products relative to our costs. At the same time, we continue to focus on cost savings initiatives such as relocating production to low cost facilities and implementing more automation in our manufacturing plants.

Operating Items

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Operating expenses	\$297.8	13.0%	\$259.2	13.2%	\$38.6	14.9%
Legal proceedings settlement income	(0.9)	(0.1)	—	—	(0.9)	NM
Restructuring charges	5.0	0.2	6.8	0.4	(1.8)	(26.8)

NM = not meaningful

Operating Expenses

Operating expenses increased \$38.6 million or 14.9% in fiscal 2012 from fiscal 2011. Operating expenses, excluding the effect of foreign currency translation, increased \$29.4 million or 11.4% in fiscal 2012 compared to fiscal 2011. As a percentage of sales, operating expenses decreased from 13.2% in fiscal 2011 to 13.0% in fiscal 2012. The 20 basis point decrease was achieved by leveraging our operating expenses with higher sales.

Legal proceedings settlement income

In fiscal 2009, the Court of Commerce in Lyon, France ruled that the Company's French subsidiary, EnerSys Sarl, which was acquired by the Company in 2002, was partially responsible for a 1999 fire in a French hotel under construction. The Company's portion of damages was assessed at €2.7 million or \$4.2 million, which was duly recorded and paid by the Company, but the ruling was appealed. In a subsequent ruling by the Court of Appeal of Lyon, France, the portion of damages was reduced, entitling the Company to a refund of the monies paid of €0.7 million or \$0.9 million, which has been recorded and collected in the second quarter of fiscal 2012. The Company further appealed the ruling to the French Supreme Court, which on March 14, 2012, ruled in the Company's favor and ordered the case back to the Court of Appeal of Lyon to further review certain aspects of the original decision in the case, including the assessment of damages.

Restructuring Charges

In fiscal 2012, we recorded \$5.0 million of restructuring charges, primarily for staff reductions in Europe.

In fiscal 2011, we recorded \$6.8 million of restructuring charges, of which \$2.5 million related to the continuation of the restructuring program of our Oerlikon operations begun in fiscal 2010, and \$4.3 million related primarily to new fiscal 2011 programs to further restructure our European operations, including distribution.

In fiscal 2010, we incurred \$13.9 million of obligations for activities primarily related to the completion of the restructurings that began in fiscal 2008 and the restructuring program of the Oerlikon operations.

At March 31, 2012, the Oerlikon and fiscal 2009 European restructuring programs have been completed. The fiscal 2011 and 2012 restructuring programs are expected to incur additional restructuring charges of approximately \$1 million in fiscal 2013.

Operating Earnings

Fiscal 2012 operating earnings of \$210.8 million were \$27.0 million higher than in fiscal 2011 and was 9.3% of sales. Fiscal 2012 operating earnings were favorably affected by higher organic volume, our continuing cost savings programs and price increases, partially offset by higher commodity costs. Fiscal 2012 and 2011 operating earnings included \$5.0 million and \$6.8 million, respectively, of restructuring charges and \$2.8 million and \$2.5 million, respectively, for acquisition activity related expense in Europe, Americas and Asia.

Operating earnings by geographic segment were as follows:

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales ⁽¹⁾	In Millions	As % Net Sales ⁽¹⁾	In Millions	%
Europe	\$ 63.9	6.4%	\$ 55.6	6.3%	\$ 8.3	14.8%
Americas	138.8	12.8	124.5	13.9	14.3	11.6
Asia	12.2	5.9	10.5	5.9	1.7	15.9
Subtotal	214.9	9.4	190.6	9.7	24.3	12.7
Legal proceedings settlement income-Europe	(0.9)	(0.1)	—	—	(0.9)	NM
Restructuring charges-Europe	5.0	0.5	6.8	0.8	(1.8)	(26.8)
Total	<u>\$210.8</u>	<u>9.3%</u>	<u>\$183.8</u>	<u>9.4%</u>	<u>\$27.0</u>	<u>14.7%</u>

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales.

The Europe segment's operating earnings, excluding the highlighted items discussed above, increased \$8.3 million or 14.8% in fiscal 2012 compared to fiscal 2011. This improvement in operating earnings, despite a negative impact of approximately \$2 million due to a three-week strike at our manufacturing plant in Poland in the second quarter of fiscal 2012 and start-up costs relating to our new business in Germany of approximately \$1.3 million, is primarily attributable to pricing and the benefits of the restructuring programs on both production and operating expenses, partially offset by higher commodity costs.

The Americas segment's operating earnings, excluding the highlighted items discussed above, increased \$14.3 million or 11.6% in fiscal 2012, with the operating margin decreasing 110 basis points to 12.8%. This decline of operating margin in our Americas segment, despite a 15% increase in organic volumes, was due to increased commodity costs net of pricing and product mix.

Operating earnings in Asia increased 15.9% in fiscal 2012 in comparison to fiscal 2011, with the operating margin as a percentage of sales remaining flat at 5.9%. The increase in our Asia segment earnings in fiscal 2012 was primarily attributable to volume increase and better product mix, offset partially by higher commodity costs. We incurred approximately \$3.8 million of start-up costs related to our new facility in Chongqing, China in fiscal 2012. Start-up costs related to Chongqing were approximately \$1.6 million in fiscal 2011. In addition, we incurred approximately \$0.9 million in fiscal 2012, costs related to a temporary closure of our facility in Jiangsu Province, China, by government authorities for an environmental review, as were, to our knowledge, all lead processing facilities in that province. After completion of the review, the government authorities allowed the plant to reopen in November 2011 on a conditional basis with the understanding that the Company would work with the assistance of the government agencies, to relocate to a more preferable location.

Interest Expense

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Interest expense	\$16.5	0.7%	\$22.0	1.1%	\$(5.5)	(25.2)%

Interest expense of \$16.5 million in fiscal 2012 (net of interest income of \$0.9 million) was \$5.5 million lower than the \$22.0 million in fiscal 2011 (net of interest income of \$1.3 million). The decrease in interest expense in fiscal 2012 compared to fiscal 2011 is attributable primarily to \$6.7 million of expense associated with outstanding interest rate hedging contracts in the prior fiscal year. In the current fiscal year, the swaps no longer qualified for hedge accounting and losses realized on the swaps amounting to \$1.0 million were included in other (income) expense, net. Lower interest expense in fiscal 2012 was also due to lower average borrowings offset by higher interest expense in Asia and South America.

Our average debt outstanding (including the average amount of the Convertible Notes discount of \$27.5 million) was \$270.1 million in fiscal 2012, compared to our average debt outstanding (including the average amount of the Convertible Notes discount of \$33.7 million) of \$326.3 million, in fiscal 2011. Our average cash interest rate incurred in fiscal 2012 was 3.1% compared to 4.4% in fiscal 2011.

Included in interest expense is non-cash, accreted interest on the Convertible Notes of \$6.4 million in fiscal 2012 and \$5.9 million in fiscal 2011. Also included in interest expense are non-cash charges related to amortization of deferred financing fees of \$1.3 million in fiscal 2012, compared to \$1.9 million, in fiscal 2011.

Charges Related to Refinancing

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Charges related to refinancing	\$—	— %	\$8.2	0.4%	\$(8.2)	NM

In fiscal 2011, we incurred charges in connection with the refinancing of our credit facility. These charges included \$2.3 million in write offs of deferred financing fees and \$5.9 million of unrealized losses on account of discontinuing hedge accounting for the interest rate swap agreements.

Other (Income) Expense, Net

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Other (income) expense, net	\$3.1	0.2%	\$2.2	0.2%	\$0.9	40.9%

Other (income) expense, net was expense of \$3.1 million in fiscal 2012 compared to expense of \$2.2 million in fiscal 2011. This \$0.9 million unfavorable change is attributable to \$1.5 million foreign currency losses in fiscal 2012 compared to \$0.7 million foreign currency losses in the comparable prior year period and unrealized losses of \$1.0 million on interest rate swaps as discussed above, offset by the \$0.6 million for the secondary offering fees related to the shares sold by certain stockholders of the Company, including affiliates of Metalmart Capital LLC and certain other institutional stockholders in fiscal 2011.

Earnings Before Income Taxes

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Earnings before income taxes	\$191.2	8.4%	\$151.4	7.7%	\$39.8	26.3%

As a result of the factors discussed above, fiscal 2012 earnings before income taxes were \$191.2 million, an increase of \$39.8 million or 26.3% compared to fiscal 2011.

Income Tax Expense

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Income tax expense	\$47.3	2.1%	\$38.0	1.9%	\$9.3	24.4%
Effective tax rate	24.7%		25.1%			

The effective income tax rate was 24.7% in fiscal 2012, compared to the fiscal 2011 effective tax rate of 25.1%. The rate decrease in fiscal 2012 as compared to fiscal 2011 is primarily due to changes in the mix of earnings among tax jurisdictions.

Net Earnings

	Fiscal 2012		Fiscal 2011		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net earnings	\$144.0	6.3%	\$113.4	5.8%	\$30.6	27.0%

As a result of the factors described above, fiscal 2012 net earnings were \$144.0 million compared to fiscal 2011 net earnings of \$113.4 million. The \$30.6 million increase is due primarily to a \$62.9 million or 14.0% increase in gross profit as a result of a \$319.0 million or 16.2% increase in sales. Operating expenses increased \$38.6 million or 14.9% due mainly to increased sales volume but reduced as a percentage of sales from 13.2% in fiscal 2011 to 13.0% in fiscal 2012. This decrease in the percentage is largely the result of leveraging our operating expenses with higher revenue.

Net earnings per common share in fiscal 2012 were \$2.95 per basic share and \$2.93 per diluted share compared to \$2.30 per basic share and \$2.27 per diluted share in fiscal 2011.

Results of Operations—Fiscal 2011 Compared to Fiscal 2010

The following table presents summary consolidated statement of income data for fiscal year ended March 31, 2011, compared to fiscal year ended March 31, 2010:

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net sales	\$1,964.4	100.0%	\$1,579.4	100.0%	\$385.0	24.4%
Cost of goods sold	1,514.6	77.1	1,218.5	77.1	296.1	24.3
Gross profit	449.8	22.9	360.9	22.9	88.9	24.6
Operating expenses	259.2	13.2	235.6	15.0	23.6	10.0
Restructuring charges	6.8	0.4	13.9	0.9	(7.1)	(51.1)
Bargain purchase gain	—	—	(2.9)	(0.2)	2.9	NM
Operating earnings	183.8	9.4	114.3	7.2	69.5	60.8
Interest expense	22.0	1.1	22.7	1.4	(0.7)	(2.7)
Charges related to refinancing	8.2	0.4	—	—	8.2	NM
Other (income) expense, net	2.2	0.2	4.3	0.3	(2.1)	(50.3)
Earnings before income taxes	151.4	7.7	87.3	5.5	64.1	73.6
Income tax expense	38.0	1.9	25.0	1.6	13.0	52.4
Net earnings	\$ 113.4	5.8%	\$ 62.3	3.9%	\$ 51.1	82.1%

NM = not meaningful

Overview

Our sales in fiscal 2011 were approximately \$2.0 billion, a 24.4% increase from prior year sales primarily due to an improvement in organic volume of approximately 18%. Despite higher commodity costs, we were able to maintain our gross margin percentage at the same level as fiscal 2010 at 22.9%.

Our financial position was strong and we had substantial liquidity from our cash and cash equivalents, uncommitted credit lines and our new 2011 Credit Facility. Our positive cash flows and liquidity enabled us to continue to invest in new business opportunities such as our new manufacturing plant in China and to make three acquisitions, including ABSL.

A discussion of specific fiscal 2011 versus fiscal 2010 operating results follows, including an analysis and discussion of the results of our business segments.

Net Sales

Total net sales increased 24.4% or \$385 million in fiscal 2011 from fiscal 2010. This was due to an 18% or \$288 million increase in organic volume and price increases of 4% or \$66 million. Acquisitions in fiscal 2011 added approximately 4% or \$56 million to net sales. Fluctuations in the U.S. dollar versus foreign currencies decreased sales by 2% or \$25 million.

Fluctuations in foreign currencies had a negative impact on sales of fiscal 2011 versus fiscal 2010. The euro exchange rate to the U.S. dollar averaged \$1.33 / € in fiscal 2011, but closed at \$1.42 / € as of March 31, 2011 which was comparable to the full year averages of \$1.42 / € in fiscal 2010 and \$1.42 / € in fiscal 2009.

Net sales by business segment were as follows:

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%
Europe	\$ 890.3	45.3%	\$ 742.0	47.0%	\$148.3	20.0%
Americas	896.6	45.7	700.3	44.3	196.3	28.0
Asia	177.5	9.0	137.1	8.7	40.4	29.5
Total net sales	<u>\$1,964.4</u>	<u>100.0%</u>	<u>\$1,579.4</u>	<u>100.0%</u>	<u>\$385.0</u>	<u>24.4%</u>

The Europe segment's revenue increased by \$148.3 million or 20.0% in fiscal 2011, as compared to fiscal 2010, primarily due to an increase in organic volume of approximately 16%. Price increases and acquisitions contributed approximately 6% and 3%, respectively, to the improvement which was partially offset by a 5% decrease due to weaker foreign currencies.

The Americas segment's revenue increased by \$196.3 million or 28.0% in fiscal 2011, as compared to fiscal 2010, primarily due to higher organic volume, which contributed approximately a 19% increase. Price increases and acquisitions contributed approximately 4% and 5% respectively, to the improvement.

The Asia segment's revenue increased by \$40.4 million or 29.5% in fiscal 2011 as compared to fiscal 2010, primarily due to higher organic volume of approximately 25% and a 6% increase due to foreign currency changes partially offset by a 2% decrease in pricing.

Net sales by product line were as follows:

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Reserve power	\$ 970.4	49.4%	\$ 820.5	52.0%	\$149.9	18.3%
Motive power	994.0	50.6	758.9	48.0	235.1	31.0
Total net sales	<u>\$1,964.4</u>	<u>100.0%</u>	<u>\$1,579.4</u>	<u>100.0%</u>	<u>\$385.0</u>	<u>24.4%</u>

Sales in our reserve power product line increased in fiscal 2011 by \$149.9 million or 18.3% compared to the prior year primarily due to higher organic volume which contributed approximately 16%. Price increases and acquisitions contributed approximately 2% each which was partially offset by a 2% decrease due to weaker foreign currencies.

Sales in our motive power product line increased in fiscal 2011 by \$235.1 million or 31.0% compared to the prior year primarily due to an increase in organic volume of approximately 21%. Price increases and acquisitions contributed approximately 6% each which was partially offset by a 2% decrease due to weaker foreign currencies.

Gross Profit

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Gross profit	\$449.8	22.9%	\$360.9	22.9%	\$88.9	24.6%

Gross profit increased \$88.9 million or 24.6% in fiscal 2011 compared to fiscal 2010. Gross profit, excluding the effect of foreign currency translation, increased \$91 million or 25.1% in fiscal 2011 compared to fiscal 2010. Lead costs represented approximately 33% of total cost of goods sold for fiscal 2011 as compared to approximately 26% of total cost of goods sold for fiscal 2010. We have made great efforts to sustain gross margin in an environment of rising commodity and energy costs, and continue to focus on a wide variety of sales initiatives, which included improving product mix to higher margin products and obtaining appropriate pricing for products relative to our costs. At the same time, we continued to focus on cost savings initiatives such as relocating production to low cost facilities and implementing more automation in our manufacturing plants.

Operating Expenses, Restructuring Charges and Bargain Purchase Gain

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Operating expenses	\$259.2	13.2%	\$235.6	15.0%	\$23.6	10.0%
Restructuring charges	6.8	0.4	13.9	0.9	(7.1)	(51.1)
Bargain purchase gain	—	—	(2.9)	(0.2)	(2.9)	NM

Operating Expenses

Operating expenses increased \$23.6 million or 10.0% in fiscal 2011 from fiscal 2010 as net sales increased 24.4%, but reduced as a percentage of sales from 15.0% in fiscal 2010 to 13.2% in fiscal 2011. This decrease in the percentage was largely the result of leveraging our operating expenses with higher revenue.

Bargain Purchase Gain

In fiscal 2010, we acquired the industrial battery businesses of the Swiss company Accu Holding AG, which included the acquisition of the stock of OEB Traction Batteries and the operating assets and liabilities of Oerlikon Stationery Batteries and its Swedish sales subsidiary (all collectively referred to as “Oerlikon”). The accounting for the Oerlikon acquisition resulted in the recognition of a bargain purchase gain of \$2.9 million. The Company commenced restructuring with the integration of Oerlikon into the Company’s operations in the fourth quarter of fiscal 2010. See “Restructuring Charges” below.

Restructuring Charges

In fiscal 2011, we recorded \$6.8 million of restructuring charges, of which \$2.5 million related to the continuation of the restructuring program of our Oerlikon operations begun in fiscal 2010, and \$4.3 million related primarily to new fiscal 2011 programs to further restructure our European operations, including distribution.

In fiscal 2010, we incurred \$13.9 million of obligations for activities primarily related to the completion of the restructurings that began in fiscal 2008 and the restructuring program of the Oerlikon operations.

At March 31, 2011, our fiscal 2009 European restructuring programs were essentially complete; however, the Oerlikon and fiscal 2011 European restructuring programs were expected to incur additional restructuring charges of approximately \$3 million, primarily in fiscal 2012.

Operating Earnings

Fiscal 2011 operating earnings of \$183.8 million were \$69.5 million higher than in fiscal 2010 and were 9.4% of sales. Fiscal 2011 operating earnings were favorably affected by higher organic volume, our continuing cost savings programs and price increases, partially offset by higher commodity costs. As discussed above, fiscal 2011 and 2010 operating earnings included the negative impact of \$6.8 million and \$13.9 million, respectively, of restructuring charges, offset in fiscal 2010, by a \$2.9 million bargain purchase gain related to the Oerlikon acquisition. Although not highlighted below, fiscal 2011 and 2010 also included the negative impact of \$2.5 million and \$2.0 million, respectively, for acquisition activity related expense in Europe and Americas.

Operating earnings by geographic segment were as follows:

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales ⁽¹⁾	In Millions	As % Net Sales ⁽¹⁾	In Millions	%
Europe	\$ 55.6	6.3%	\$ 17.6	2.4%	\$ 38.0	215.3%
Americas	124.5	13.9	87.2	12.4	37.3	42.9
Asia	10.5	5.9	20.5	15.0	(10.0)	(48.9)
Subtotal	190.6	9.7	125.3	7.9	65.3	52.1
Restructuring charges-Europe	6.8	0.8	13.2	1.8	(6.4)	(48.4)
Bargain purchase gain-Europe	—	—	(2.9)	(0.4)	2.9	NM
Restructuring charges-Americas	—	—	0.7	0.1	(0.7)	NM
Total	<u>\$183.8</u>	<u>9.4%</u>	<u>\$114.3</u>	<u>7.2%</u>	<u>\$ 69.5</u>	<u>60.8%</u>

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales.

The Europe segment's operating earnings, excluding the highlighted items discussed above, increased \$38.0 million or 215.3% in fiscal 2011 compared to fiscal 2010 primarily due to the favorable impacts of higher organic volumes and selling prices, partially offset by higher commodity costs. Organic volume in Europe improved by 16% in fiscal 2011, a significant improvement when compared to fiscal 2010.

The Americas segment's operating earnings, excluding the highlighted items discussed above, increased \$37.3 million or 42.9% in fiscal 2011 primarily due to the favorable impacts of sales growth of 28% coupled with higher selling prices and improved plant utilization which were partially offset by higher commodity costs. Organic volume and pricing contributed approximately 19% and 4%, respectively, to this improvement and the favorable impact of acquisitions contributed a 5% increase. The Americas segment's operating earnings were favorably affected by improved plant utilization.

The Asia segment's operating earnings decreased \$10.0 million or 48.9% in fiscal 2011 when compared to fiscal 2010. Higher manufacturing costs, freight costs and expenses related to business development in the Asian region, coupled with the impact of lower pricing, contributed to the lower operating margins, partially offset by higher sales volume in Asia. The higher manufacturing costs were partially the result of expenses associated with the transition of our Shenzhen, China operations from a manufacturing and sales and distribution center, to a sales and distribution center. Business development expenses relate to initial start up costs as part of our efforts to establish a presence in India, as well as expansion in China with the construction of our new Chongqing manufacturing facility. In addition, fiscal 2010 benefited from a \$1.1 million gain from the sale of assets.

Interest Expense

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Interest expense	\$22.0	1.1%	\$22.7	1.4%	\$(0.7)	(2.7)%

Interest expense of \$22.0 million in fiscal 2011 (net of interest income of \$1.3 million) was \$0.7 million lower than the \$22.7 million in fiscal 2010 (net of interest income of \$1.8 million). The decrease in interest expense in fiscal 2011 compared to fiscal 2010 was attributed primarily to lower borrowing levels and the expiration of a portion of our interest rate swap agreements in the third and fourth quarters of fiscal 2011.

Our average debt outstanding (including the average amount of the Convertible Notes discount of \$33.7 million) was \$326.3 million in fiscal 2011, compared to our average debt outstanding (including the average amount of \$39.4 million in Convertible Notes discount) of \$364.1 million, in fiscal 2010. Our average cash interest rate incurred in fiscal 2011 was 4.4% compared to 4.3% in fiscal 2010.

Included in interest expense is non-cash, accreted interest on the Convertible Notes of \$5.9 million in fiscal 2011 and \$5.4 million in fiscal 2010. Also included in interest expense are non-cash charges related to amortization of deferred financing fees of \$1.9 million in fiscal 2011, compared to \$1.7 million, in fiscal 2010.

Charges Related to Refinancing

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Charges related to refinancing	\$8.2	0.4%	\$—	— %	\$8.2	NM

In fiscal 2011, we incurred charges in connection with the amounts borrowed under our 2011 Credit Facility. These charges included \$2.3 million in write offs of deferred financing fees and \$5.9 million of unrealized losses on account of discontinuing hedge accounting for the interest rate swap agreements.

Other (Income) Expense, Net

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>As % Net Sales</u>	<u>In Millions</u>	<u>%</u>
Other (income) expense, net	\$2.2	0.2%	\$4.3	0.3%	\$(2.1)	(50.3)%

Other (income) expense, net was expense of \$2.2 million in fiscal 2011 compared to expense of \$4.3 million in fiscal 2010. This decrease was primarily due to lower foreign currency translation losses recorded in fiscal 2011 compared to fiscal 2010, offset by the \$0.6 million for the secondary offering fees related to the shares sold by certain stockholders of the Company, including affiliates of Metalmark Capital LLC and certain other institutional stockholders in fiscal 2011.

Earnings Before Income Taxes

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Earnings before income taxes	\$151.4	7.7%	\$87.3	5.5%	\$64.1	73.6%

As a result of the factors discussed above, fiscal 2011 earnings before income taxes were \$151.4 million, an increase of \$64.1 million or 73.6% compared to fiscal 2010.

Income Tax Expense

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Income tax expense	\$38.0	1.9%	\$25.0	1.6%	\$13.0	52.4%
Effective tax rate	25.1%		28.6%			

The effective income tax rate was 25.1% in fiscal 2011, compared to the fiscal 2010 effective tax rate of 28.6%. The lower effective income tax rate in fiscal 2011 was primarily due to a change in the mix of earnings among tax jurisdictions and the favorable settlement of foreign tax audits of \$3.1 million. The fiscal 2010 effective income tax rate included a non-recurring tax benefit of approximately \$2.1 million on the filing of amended tax returns.

Net Earnings

	Fiscal 2011		Fiscal 2010		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net earnings	\$113.4	5.8%	\$62.3	3.9%	\$51.1	82.1%

As a result of the factors described above, fiscal 2011 net earnings were \$113.4 million compared to fiscal 2010 net earnings of \$62.3 million. The \$51.1 million increase was due primarily to an \$88.9 million or 24.6% increase in gross profit as a result of a \$385.0 million or 24.4% increase in sales. Operating expenses increased \$23.6 million or 10.0% due mainly to increased sales volume but reduced as a percentage of sales from 15.0% in fiscal 2010 to 13.2% in fiscal 2011. This decrease in the percentage was largely the result of leveraging our operating expenses with higher revenue.

Net earnings per common share in fiscal 2011 were \$2.30 per basic share and \$2.27 per diluted share compared to \$1.29 per basic share and \$1.28 per diluted share in fiscal 2010.

Liquidity and Capital Resources

Overview

As we discussed in our *Overview* and *Current Market Conditions* above, our results have been significantly affected by the economic environment during the past three fiscal years. During periods of decreasing revenue, as during the recent recession, our Primary Working Capital generally decreases, enhancing cash flow from operations. In periods of increasing revenue, such as in fiscal 2012 and 2011, operating cash flow will generally be reduced by the need for additional Primary Working Capital. We have maintained sufficient lines of credit since the Company was formed in 2000 to fund our requirements for Primary Working Capital, capital expenditures, acquisitions and other investments. As discussed earlier, we believe that the 2011 Credit Facility which consists of a revolving line of credit of \$350 million, expiring in March 2016, along with other credit lines of \$138 million and our available cash and cash equivalents of \$160.5 million as of March 31, 2012, will be sufficient for our needs and anticipated growth in the foreseeable future.

Cash Flow and Financing Activities

Cash and cash equivalents at March 31, 2012, 2011 and 2010, were \$160.5 million, \$108.9 million and \$201.0 million, respectively.

Cash provided by operating activities for fiscal 2012, 2011 and 2010, was \$204.2 million, \$76.5 million and \$136.6 million, respectively.

During fiscal 2012, cash from operating activities was provided primarily from net earnings of \$144.0 million, depreciation and amortization of \$50.4 million and a net source of \$14.5 million from non-cash interest expense, provision for doubtful accounts, deferred taxes, net losses and settlements on derivatives, stock compensation and gains on disposal of fixed assets. Change in current and other assets, accrued expenses, and other liabilities contributed a further \$20.2 million, offset by a \$24.9 million increase in Primary Working Capital.

During fiscal 2011, cash from operating activities was provided primarily from net earnings of \$113.4 million, depreciation and amortization of \$44.4 million and a net source of \$17.6 million from non-cash interest expense, write-off of deferred finance fees, provision for doubtful accounts, deferred taxes and stock compensation. This cash flow was partially offset by an \$86.7 million increase in Primary Working Capital and a \$12.2 million net increase in current and other assets, accrued expenses, and other liabilities.

During fiscal 2010, cash from operating activities was provided primarily from net earnings of \$62.3 million, depreciation and amortization of \$44.9 million, a \$28.4 million decrease in Primary Working Capital and a net source of \$23.8 million from non-cash interest expense, provision for doubtful accounts, deferred taxes and stock compensation. This cash flow was partially offset by a \$16.6 million decrease in accrued expenses and other liabilities, \$2.9 million non-cash bargain purchase gain on the acquisition of Oerlikon, and a \$0.9 million gain on disposal of assets.

As explained above in the discussion of our use of “non-GAAP financial measures,” we monitor the level and percentage of sales of Primary Working Capital. Primary Working Capital for this purpose is trade accounts receivable, plus inventories, minus trade accounts payable and the resulting net amount is divided by the trailing three month net sales (annualized) to derive a Primary Working Capital percentage. Primary Working Capital was \$578.6 million (yielding a Primary Working Capital percentage of 24.4%) at March 31, 2012 and \$547.3 million (yielding a Primary Working Capital percentage of 25.0%) at March 31, 2011. The 60 basis point decrease at March 31, 2012 versus March 31, 2011 was mainly a result of holding accounts receivables steady in spite of higher year-over-year organic sales and acquisitions. We had increased inventory levels in fiscal 2012 versus fiscal 2011 as we experienced an improvement in orders and sales, and as a result of our recent acquisitions. We closely monitor our inventory turns and continue to adjust production levels as necessary.

Primary Working Capital and Primary Working Capital percentages at March 31, 2012, 2011 and 2010 are computed as follows:

<u>At March 31,</u>	<u>Trade Receivables</u>	<u>Inventory</u>	<u>Accounts Payable</u>	<u>Primary Working Capital</u>	<u>Quarter Revenue Annualized</u>	<u>Primary Working Capital %</u>
			(in millions)			
2012	\$466.8	\$361.8	\$(250.0)	\$578.6	\$2,371.0	24.4%
2011	464.1	335.0	(251.8)	547.3	2,192.2	25.0
2010	383.6	254.4	(198.3)	439.7	1,802.1	24.4

Cash used in investing activities for fiscal 2012, 2011 and 2010 was \$73.4 million, \$91.7 million and \$77.2 million, respectively. Capital expenditures were \$48.9 million, \$59.9 million and \$45.1 million in fiscal 2012, 2011 and 2010, respectively. The current year’s capital spending included the completion of our new plant in Chongqing, China and the capacity expansion of some of our existing manufacturing facilities. Our purchases of

and investments in businesses were \$24.6 million, \$32.2 million and \$33.2 million in fiscal 2012, 2011 and 2010, respectively.

During fiscal 2012, we borrowed \$111.6 million on our revolver and repaid \$132.2 million. Borrowings financed a portion of our repurchases of common stock of \$58.4 million and acquisitions of \$24.6 million.

During fiscal 2011, we repaid \$201.1 million of the 2008 Credit Facility and \$11.1 million of the Euro Term Loan with \$100 million of revolver proceeds borrowed under the new 2011 Credit Facility and available cash and cash equivalents. Additionally, in fiscal 2011 we borrowed \$6.1 million under the China Term Loan, \$3.1 million of short-term debt and paid \$3.5 million in refinancing fees related to the 2011 Credit Facility.

During fiscal 2010, we repaid \$7.4 million of short-term debt and made regularly scheduled payments of \$25.2 million of long-term debt.

The exercise of stock options and the related tax benefits contributed \$2.7 million, \$24.0 million and \$7.3 million, respectively, in fiscal 2012, 2011, and 2010.

As a result of the above, cash and cash equivalents increased \$51.6 million from \$108.9 million at March 31, 2011 to \$160.5 million at March 31, 2012.

We currently are in compliance with all covenants and conditions under our credit agreements.

In addition to cash flows from operating activities, we had available committed and uncommitted credit lines of approximately \$377 million at March 31, 2012 to cover short-term liquidity requirements. Our 2011 Credit Facility is committed through March 2016, as long as we continue to comply with the covenants and conditions of the credit facility agreement. Included in our available credit lines at March 31, 2012 is \$269.4 million of our 2011 Credit Facility.

We believe that our cash flow from operations, available cash and cash equivalents and available borrowing capacity under our credit facility will be sufficient to meet our liquidity needs, including normal levels of capital expenditures, for the foreseeable future; however, there can be no assurance that this will be the case.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements during any of the periods covered by this report.

Contractual Obligations and Commercial Commitments

At March 31, 2012, we had certain cash obligations, which are due as follows:

	<u>Total</u>	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>After 5 years</u>
		(in millions)			
Debt obligations	\$263.4	\$ 2.6	\$ 4.9	\$255.9	\$ —
Interest on debt	26.1	8.3	15.8	2.0	—
Operating leases	57.4	18.3	23.5	12.0	3.6
Pension benefit payments and profit sharing	29.9	2.2	4.7	5.7	17.3
Restructuring	1.2	1.2	—	—	—
Facility construction commitments	8.6	8.6	—	—	—
Interest rate swap agreements	3.8	3.6	0.2	—	—
Lead contracts	0.9	0.9	—	—	—
Purchase commitments	9.8	9.8	—	—	—
Capital lease obligations, including interest	1.0	0.5	0.5	—	—
Total	<u>\$402.1</u>	<u>\$56.0</u>	<u>\$49.6</u>	<u>\$275.6</u>	<u>\$20.9</u>

Due to the uncertainty of future cash outflows, uncertain tax positions have been excluded from the table above.

Under our 2011 Credit Facility and other credit arrangements, we had outstanding standby letters of credit of \$9.1 million as of March 31, 2012.

Credit Facilities and Leverage

Our focus on working capital management and cash flow from operations is measured by our ability to reduce debt and reduce our leverage ratios. Shown below are the leverage ratios at March 31, 2012 and 2011, in connection with our 2011 Credit Facility.

The total net debt as defined under our 2011 Credit Facility is \$214.4 million for fiscal 2012 and is 0.8 times adjusted EBITDA (non-GAAP) as described below and reflects improved net earnings and positive cash flows

The following table provides a reconciliation of net earnings to EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) as per our credit agreements:

	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>
	<u>(in millions, except ratios)</u>	
Net earnings as reported	\$144.0	\$113.4
Add back:		
Depreciation and amortization	50.4	44.4
Interest expense	16.5	22.0
Income tax expense	47.3	38.0
EBITDA (non GAAP) ⁽¹⁾	<u>\$258.2</u>	<u>\$217.8</u>
Adjustments per credit agreement definitions	11.6 ⁽²⁾	11.4 ⁽²⁾
Adjusted EBITDA (non-GAAP) per credit agreement	<u>\$269.8</u>	<u>\$229.2</u>
Total net debt ⁽³⁾	<u>\$214.4</u>	<u>\$219.8</u>
Leverage ratios:		
Total net debt/adjusted EBITDA ratio ⁽⁴⁾	0.8 X	1.0 X
Maximum ratio permitted	3.25 X	3.25 X
Consolidated interest coverage ratio ⁽⁵⁾	22.6 X	15.9 X
Minimum ratio required	4.5 X	4.5 X

(1) We have included EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) because our lenders use it as a key measure of our performance. EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization. EBITDA is not a measure of financial performance under GAAP and should not be considered an alternative to net earnings or any other measure of performance under GAAP or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Our calculation of EBITDA may be different from the calculations used by other companies, and therefore comparability may be limited. Certain financial covenants in our 2011 Credit Facility are based on EBITDA, subject to adjustments, which are shown above. Because we have a significant amount of debt, and because continued availability of credit under our 2011 Credit Facility is critical to our ability to meet our business plans, we believe that an understanding of the key terms of our credit agreement is important to an investor's understanding of our financial condition and liquidity risks. Failure to comply with our financial covenants, unless waived by our lenders, would mean we could not borrow any further amounts under our revolving credit facility and would give our lenders the right to demand immediate repayment of all outstanding revolving credit loans. We would be unable to continue our operations at current levels if we lost the liquidity provided under our credit agreements. Depreciation and amortization in this table excludes the amortization of deferred financing fees, which is included in interest expense.

(2) The \$11.6 million adjustment to EBITDA in fiscal 2012 related primarily to the adjustment of non-cash stock compensation expense. The \$11.4 million adjustment to EBITDA in fiscal 2011 related primarily to

the adjustment of \$2.3 million for non-cash write off of deferred financing fees related to the March 2011 refinancing and \$9.1 million related to non-cash stock compensation expense.

- (3) Debt includes capital lease obligations and letters of credit and is net of U.S. cash and cash equivalents and a portion of European cash investments, as defined in the 2011 Credit Facility. In fiscal 2012, U.S. cash and cash equivalents and European cash investments were \$5 million and \$70 million, respectively, and in fiscal 2011, were \$22 million and \$44 million, respectively.
- (4) These ratios are included to show compliance with the leverage ratios set forth in our credit facilities. We show both our current ratios and the maximum ratio permitted or minimum ratio required under our 2011 Credit Facilities.
- (5) As defined in the 2011 Credit Facility, interest expense used in the consolidated interest coverage ratio excludes non cash interest of \$8.0 million and includes \$3.4 million of interest rate swap contract settlements for fiscal 2012. For fiscal 2011, interest expense used in the consolidated interest coverage ratio excludes non cash interest of \$7.6 million.

EnerSys Stockholders' Equity

EnerSys stockholders' equity increased \$57.9 million during fiscal 2012 due to net earnings of \$144.0 million; \$14.3 million of increases related to stock-based compensation and the exercise of stock options; decrease of \$1.0 million due to acquisition of noncontrolling interest in a subsidiary, decrease due to repurchase of common shares of \$58.4 million, currency translation adjustments of \$32.3 million due primarily to the weakening of European currencies, \$3.2 million unrealized loss on derivative instruments and \$5.5 million related to pension liabilities.

EnerSys stockholders' equity increased \$194.4 million during fiscal 2011 due to net earnings of \$113.4 million; an increase for currency translation adjustments of \$36.5 million due primarily to the strengthening of European currencies, \$33.0 million of increases related to stock-based compensation and the exercise of stock options and a \$9.5 million unrealized gain on derivative instruments and \$2.0 million related to pension liabilities.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements and eliminated the option to present components of other comprehensive income as part of the statement of shareholders' equity. This guidance will be effective for us in the first quarter of fiscal 2013 and is not expected to have an impact on our financial statements other than the change in presentation.

In September 2011, the FASB issued revised guidance to simplify how entities test goodwill for impairment. The amendments will permit an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. We plan to adopt this guidance for its annual goodwill impairment test performed in fiscal 2013 and thereafter. The adoption will not have an impact on our financial statements.

Effective January 2, 2012, we prospectively adopted accounting guidance that was issued to clarify existing fair value measurement guidance as well as enhance fair value disclosures. The additional disclosures required by this guidance include quantitative information about significant unobservable inputs used for Level 3 measurements, qualitative information about the sensitivity of recurring Level 3 measurements, information about any transfers between Level 1 and 2 of the fair value hierarchy, information about when the current use of

a non-financial asset is different from the highest and best use, and the hierarchy classification for assets and liabilities whose fair value is disclosed only in the notes to the financial statements. The adoption of this standard did not have a material impact on our financial statements.

Related Party Transactions

FASB guidance, *Related Party Disclosures* requires us to identify and describe material transactions involving related persons or entities and to disclose information necessary to understand the effects of such transactions on our consolidated financial statements. In fiscal 2011, under the terms of a security holder agreement, we paid \$0.6 million in fees related to secondary offerings of 2.85 million shares of our common stock to underwriters by certain of our stockholders, including affiliates of Metalmark Capital LLC and certain other institutional stockholders.

Sequential Quarterly Information

Fiscal 2012 and 2011 quarterly operating results, and the associated quarterly trends within each of those two fiscal years, are affected by the same economic and business conditions as described in the fiscal 2012 versus fiscal 2011 analyses previously discussed.

	Fiscal 2012				Fiscal 2011			
	July 3, 2011 1 st Qtr.	Oct. 2, 2011 2 nd Qtr.	Jan. 1, 2012 3 rd Qtr.	March 31, 2012 4 th Qtr.	July 4, 2010 1 st Qtr.	Oct. 3, 2010 2 nd Qtr.	Jan. 2, 2011 3 rd Qtr.	March 31, 2011 4 th Qtr.
	(in millions, except per share amounts)							
Net sales	\$ 569.2	\$ 547.2	\$ 574.2	\$ 592.8	\$ 435.0	\$ 472.8	\$ 508.6	\$ 548.0
Cost of goods sold	447.2	432.8	443.4	447.3	338.4	362.1	390.7	423.4
Gross profit	122.0	114.4	130.8	145.5	96.6	110.7	117.9	124.6
Operating expenses, including amortization	72.9	71.9	75.7	77.3	58.4	63.5	67.8	69.5
Legal proceedings settlement income	—	(0.9)	—	—	—	—	—	—
Restructuring charges	0.4	0.9	1.4	2.3	0.7	2.7	1.8	1.6
Operating earnings	48.7	42.5	53.7	65.9	37.5	44.5	48.3	53.5
Interest expense	3.4	4.1	4.8	4.2	6.0	6.1	5.6	4.3
Charges related to refinancing	—	—	—	—	—	—	—	8.2
Other (income) expense, net	1.2	—	1.1	1.2	—	1.0	(0.4)	1.6
Earnings before income taxes	44.1	38.4	47.8	60.5	31.5	37.4	43.1	39.4
Income tax expense	10.6	10.1	11.0	15.6	8.5	10.8	9.4	9.3
Net earnings	33.5	28.3	36.8	44.9	23.0	26.6	33.7	30.1
Net losses attributable to noncontrolling interests	—	—	—	(0.5)	—	—	—	—
Net earnings attributable to EnerSys stockholders	\$ 33.5	\$ 28.3	\$ 36.8	\$ 45.4	\$ 23.0	\$ 26.6	\$ 33.7	\$ 30.1
Net earnings per common share attributable to EnerSys stockholders:								
Basic	\$ 0.67	\$ 0.57	\$ 0.77	\$ 0.95	\$ 0.47	\$ 0.54	\$ 0.68	\$ 0.60
Diluted	0.66	0.57	0.77	0.94	0.47	0.53	0.67	0.59
Weighted average shares outstanding:								
Basic	50,052,627	49,469,694	47,704,567	47,765,933	48,819,481	49,120,985	49,564,495	49,999,565
Diluted	50,668,276	49,806,964	48,045,900	48,343,000	49,442,915	49,746,602	50,331,554	50,655,912

Net Sales

Quarterly net sales by business segment were as follows:

	Fiscal 2012				Fiscal 2011			
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
	(in millions)							
Net sales by segment:								
Europe	\$253.0	\$245.3	\$247.6	\$249.5	\$188.5	\$207.4	\$236.4	\$258.0
Americas	259.2	252.3	281.2	290.1	205.7	221.1	224.6	245.2
Asia	57.0	49.6	45.4	53.2	40.8	44.3	47.6	44.8
Total	\$569.2	\$547.2	\$574.2	\$592.8	\$435.0	\$472.8	\$508.6	\$548.0
Segment net sales as % total:								
Europe	44.4%	44.8%	43.1%	42.1%	43.3%	43.9%	46.5%	47.1%
Americas	45.6	46.1	49.0	48.9	47.3	46.8	44.2	44.7
Asia	10.0	9.1	7.9	9.0	9.4	9.3	9.3	8.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Quarterly net sales by product line were as follows:

	Fiscal 2012				Fiscal 2011			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	(in millions)							
Net sales by product line:								
Reserve power	\$265.9	\$267.3	\$277.3	\$282.2	\$207.6	\$247.3	\$252.9	\$262.6
Motive power	303.3	279.9	296.9	310.6	227.4	225.5	255.7	285.4
Total	<u>\$569.2</u>	<u>\$547.2</u>	<u>\$574.2</u>	<u>\$592.8</u>	<u>\$435.0</u>	<u>\$472.8</u>	<u>\$508.6</u>	<u>\$548.0</u>
Product line net sales as % total:								
Reserve power	46.7%	48.9%	48.3%	47.6%	47.7%	52.3%	49.7%	47.9%
Motive power	53.3	51.1	51.7	52.4	52.3	47.7	50.3	52.1
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Our cash flows and earnings are subject to fluctuations resulting from changes in interest rates, foreign currency exchange rates and raw material costs. We manage our exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. We monitor our underlying market risk exposures on an ongoing basis and believe that we can modify or adapt our hedging strategies as needed.

Counterparty Risks

We have entered into interest rate swap agreements to manage risk on a portion of our long-term floating-rate debt. We have entered into lead forward purchase contracts to manage risk on the cost of lead. We have entered into foreign exchange forward contracts and purchased option contracts to manage risk on foreign currency exposures. The Company's agreements are with creditworthy financial institutions. Those contracts that result in a liability position at March 31, 2012 are \$5.4 million (pre-tax), therefore the Company believes there is little risk of nonperformance by the counterparties. Those contracts that result in an asset position at March 31, 2012 are \$1.5 million (pre-tax) and the vast majority of these will settle within one year.

Interest Rate Risks

We are exposed to changes in variable U.S. interest rates on borrowings under our credit agreements. On a selective basis, from time to time, we enter into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. At the end of fiscal 2011, these interest rate swaps no longer qualified for hedge accounting due to the refinancing of the Company's then existing credit facility. Changes in the fair value of these contracts for fiscal 2012 have therefore been recorded in the income statement in other (income) expense, net, while changes in fair value for the comparable period in fiscal 2011 were recorded in accumulated other comprehensive income.

At March 31, 2012 and 2011, the aggregate notional amount of interest rate swap agreements is \$85.0 million. These agreements expire between February—May 2013.

Under the interest rate swaps, the Company receives three-month LIBOR and pays a fixed interest rate which averaged 4.28% on March 31, 2012 and 2011.

A 100 basis point increase in interest rates would increase annual interest expense by approximately \$0.8 million on the variable rate portions of our debt.

Commodity Cost Risks—Lead Contracts

We have a significant risk in our exposure to certain raw materials, which we estimate was over half of total cost of goods sold for fiscal 2012, 2011 and 2010. Our largest single raw material cost is for lead, for which the cost remains volatile. In order to hedge against increases in our lead cost, we have entered into contracts with financial institutions to fix the price of lead. A vast majority of such contracts are for a period not extending beyond one year. We had the following contracts outstanding at the dates shown below:

<u>Date</u>	<u>\$'s Under Contract</u> (in millions)	<u># Pounds Purchased</u> (in millions)	<u>Average Cost/Pound</u>	<u>Approximate % of Lead Requirements⁽¹⁾</u>
March 31, 2012	\$56.6	60.0	\$0.94	12%
March 31, 2011	68.2	63.4	1.08	14
March 31, 2010	60.7	63.4	0.96	17

(1) Based on the fiscal year lead requirements for the period then ended.

We estimate that a 10% increase in our cost of lead (over our current estimated cost in fiscal 2012) would increase our annual total cost of goods sold by approximately \$59 million.

Foreign Currency Exchange Rate Risks

We manufacture and assemble our products globally in the Americas, Europe and Asia. Approximately 60% of our sales and expenses are transacted in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, as we report our financial statements in U.S. dollars, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the Euro, Swiss franc, British pound, Polish zloty, Chinese renminbi and Mexican peso.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, we have currency exposures from intercompany financing and trade transactions. On a selective basis, we enter into foreign currency forward contracts and option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our operations in the future.

To hedge these exposures, we have entered into forward contracts with financial institutions to fix the value at which we will buy or sell certain currencies. Each contract is for a period not extending beyond one year. Forward contracts outstanding as of March 31, 2012 were \$53.5 million. The details of contracts outstanding as of March 31, 2012 were as follows:

<u>Transactions Hedged</u>	<u>\$US Equivalent</u> (in millions)	<u>Average Rate Hedged</u>	<u>Approximate % of Annual Requirements⁽²⁾</u>
Sell Euros for U.S. dollars	\$16.7	\$/€1.31	8%
Sell Euros for Polish zloty	19.2	PLN/€ 4.36	19
Sell Euros for British pounds	12.9	£/€ 0.85	22
Sell AUD for U.S. dollars	2.7	\$/AUD 1.03	45
Other	2.0		
Total	<u>\$53.5</u>		

(2) Based on the fiscal year currency requirements for the year ended March 31, 2012.

Foreign exchange translation adjustments are recorded as a separate component of accumulated other comprehensive income in EnerSys' stockholders' equity and noncontrolling interests.

Based on changes in the timing and amount of interest rate and foreign currency exchange rate movements and our actual exposures and hedges, actual gains and losses in the future may differ from our historical results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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EnerSys

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
EnerSys

We have audited the accompanying consolidated balance sheets of EnerSys as of March 31, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EnerSys at March 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), EnerSys' internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 25, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
May 25, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
EnerSys

We have audited EnerSys' internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). EnerSys' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, EnerSys maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of EnerSys as of March 31, 2012 and 2011 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2012 of EnerSys and our report dated May 25, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
May 25, 2012

EnerSys
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	March 31,	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 160,490	\$ 108,869
Accounts receivable, net of allowance for doubtful accounts (2012—\$10,022; 2011—\$10,547)	466,769	464,072
Inventories, net	361,774	335,003
Deferred taxes	30,247	19,801
Prepaid and other current assets	52,393	70,203
Total current assets	1,071,673	997,948
Property, plant, and equipment, net	353,215	344,385
Goodwill	347,061	343,666
Other intangible assets, net	107,082	98,819
Deferred taxes	15,999	15,785
Other assets	24,249	27,784
Total assets	<u>\$1,919,279</u>	<u>\$1,828,387</u>
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 16,042	\$ 3,160
Current portion of long-term debt	2,540	43
Current portion of capital lease obligations	409	819
Accounts payable	249,996	251,814
Accrued expenses	188,403	184,700
Deferred taxes	2,911	3,248
Total current liabilities	460,301	443,784
Long-term debt	236,589	247,949
Capital lease obligations	521	1,429
Deferred taxes	84,479	79,589
Other liabilities	92,468	76,643
Total liabilities	874,358	849,394
Commitments and contingencies	—	—
Equity:		
Series A Convertible Preferred Stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at March 31, 2012 and at March 31, 2011	—	—
Common Stock, \$0.01 par value, 135,000,000 shares authorized, 52,247,014 shares issued and 47,800,129 shares outstanding at March 31, 2012; 51,834,353 shares issued and 50,034,353 shares outstanding at March 31, 2011	522	518
Additional paid-in capital	474,924	461,597
Treasury stock at cost, 4,446,885 shares held as of March 31, 2012 and 1,800,000 shares held as of March 31, 2011	(78,183)	(19,800)
Retained earnings	560,839	416,836
Accumulated other comprehensive income	74,093	115,180
Total EnerSys stockholders' equity	1,032,195	974,331
Noncontrolling interests	12,726	4,662
Total equity	<u>1,044,921</u>	<u>978,993</u>
Total liabilities and equity	<u>\$1,919,279</u>	<u>\$1,828,387</u>

See accompanying notes.

EnerSys
Consolidated Statements of Income
(In Thousands, Except Share and Per Share Data)

	Fiscal year ended March 31,		
	2012	2011	2010
Net sales	\$ 2,283,369	\$ 1,964,462	\$ 1,579,385
Cost of goods sold	1,770,664	1,514,618	1,218,481
Gross profit	512,705	449,844	360,904
Operating expenses	297,806	259,217	235,597
Legal proceedings settlement income	(900)	—	—
Restructuring charges	4,988	6,813	13,929
Bargain purchase gain	—	—	(2,919)
Operating earnings	210,811	183,814	114,297
Interest expense	16,484	22,038	22,658
Charges related to refinancing	—	8,155	—
Other (income) expense, net	3,068	2,177	4,384
Earnings before income taxes	191,259	151,444	87,255
Income tax expense	47,292	38,018	24,951
Net earnings	143,967	113,426	62,304
Net losses attributable to noncontrolling interests	(36)	—	—
Net earnings attributable to EnerSys stockholders	<u>\$ 144,003</u>	<u>\$ 113,426</u>	<u>\$ 62,304</u>
Net earnings per common share attributable to EnerSys stockholders:			
Basic	<u>\$ 2.95</u>	<u>\$ 2.30</u>	<u>\$ 1.29</u>
Diluted	<u>\$ 2.93</u>	<u>\$ 2.27</u>	<u>\$ 1.28</u>
Weighted-average shares of common stock outstanding:			
Basic	<u>48,748,205</u>	<u>49,376,132</u>	<u>48,122,207</u>
Diluted	<u>49,216,035</u>	<u>50,044,246</u>	<u>48,834,095</u>

See accompanying notes.

EnerSys

Consolidated Statements of Changes in Stockholders' Equity
(In Thousands)

	Series A Convertible Preferred Stock	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total EnerSys Stockholders' Equity	Non- Controlling Interest	Total Stockholders' Equity
Balance at March 31, 2009	\$—	\$498	\$414,292	\$(19,800)	\$241,106	\$ 34,055	\$ 670,151	\$ 4,242	\$ 674,393
Stock-based compensation	—	—	6,964	—	—	—	6,964	—	6,964
Exercise of stock options	—	6	5,036	—	—	—	5,042	—	5,042
Tax benefit from stock options	—	—	2,287	—	—	—	2,287	—	2,287
Increase in noncontrolling interest	—	—	—	—	—	—	—	85	85
Net earnings	—	—	—	—	62,304	—	62,304	—	62,304
Other comprehensive income:									
Pension funded status adjustment, (net of tax benefit of \$367)	—	—	—	—	—	(685)	(685)	—	(685)
Unrealized income on derivative instruments (net of tax expense of \$1,421)	—	—	—	—	—	2,626	2,626	—	2,626
Foreign currency translation adjustment	—	—	—	—	—	31,208	31,208	—	31,208
Comprehensive income	—	—	—	—	—	—	95,453	—	95,453
Balance at March 31, 2010	\$—	\$504	\$428,579	\$(19,800)	\$303,410	\$ 67,204	\$ 779,897	\$ 4,327	\$ 784,224
Stock-based compensation	—	—	9,056	—	—	—	9,056	—	9,056
Exercise of stock options	—	14	17,880	—	—	—	17,894	—	17,894
Tax benefit from stock options	—	—	6,082	—	—	—	6,082	—	6,082
Increase in noncontrolling interest	—	—	—	—	—	—	—	335	335
Net earnings	—	—	—	—	113,426	—	113,426	—	113,426
Other comprehensive income:									
Pension funded status adjustment (net of tax expense of \$794)	—	—	—	—	—	1,967	1,967	—	1,967
Unrealized income on derivative instruments (net of tax expense of \$5,251)	—	—	—	—	—	9,470	9,470	—	9,470
Foreign currency translation adjustment	—	—	—	—	—	36,539	36,539	—	36,539
Comprehensive income	—	—	—	—	—	—	161,402	—	161,402
Balance at March 31, 2011	\$—	\$518	\$461,597	\$(19,800)	\$416,836	\$115,180	\$ 974,331	\$ 4,662	\$ 978,993
Stock-based compensation	—	—	11,585	—	—	—	11,585	—	11,585
Exercise of stock options	—	4	970	—	—	—	974	—	974
Tax benefit from stock options	—	—	1,772	—	—	—	1,772	—	1,772
Purchase of common stock	—	—	—	(58,383)	—	—	(58,383)	—	(58,383)
Acquisition of noncontrolling interests	—	—	(1,000)	—	—	—	(1,000)	—	(1,000)
Noncontrolling interests attributable to the consolidation of acquisitions	—	—	—	—	—	—	—	8,260	8,260
Net earnings	—	—	—	—	144,003	—	144,003	(36)	143,967
Other comprehensive income:									
Pension funded status adjustment, (net of tax benefit of \$1,841)	—	—	—	—	—	(5,470)	(5,470)	—	(5,470)
Unrealized losses on derivative instruments (net of tax benefit of \$1,909)	—	—	—	—	—	(3,261)	(3,261)	—	(3,261)
Foreign currency translation adjustment	—	—	—	—	—	(32,356)	(32,356)	(160)	(32,516)
Comprehensive income (loss)	—	—	—	—	—	—	102,916	(196)	102,720
Balance at March 31, 2012	\$—	\$522	\$474,924	\$(78,183)	\$560,839	\$ 74,093	\$1,032,195	\$12,726	\$1,044,921

See accompanying notes.

EnerSys
Consolidated Statements of Cash Flows
(In Thousands)

	Fiscal year ended March 31,		
	2012	2011	2010
Cash flows from operating activities			
Net earnings	\$ 143,967	\$ 113,426	\$ 62,304
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	50,360	44,393	44,851
Derivatives not designated in hedging relationships:			
Net losses	1,083	—	—
Cash settlements	(3,763)	—	—
Provision for doubtful accounts	1,395	1,513	2,712
Deferred income taxes	(3,227)	(3,064)	6,975
Non-cash interest expense	7,983	7,776	7,163
Stock-based compensation	11,585	9,056	6,964
Write-off of deferred financing fees	—	2,308	—
Bargain purchase gain	—	—	(2,919)
Gain on disposal of fixed assets	(432)	—	(912)
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	7,106	(61,892)	(7,303)
Inventory	(19,655)	(67,250)	(23,445)
Prepaid expenses and other current assets	8,834	(15,658)	(1,075)
Other assets	(955)	(2,552)	(1,218)
Accounts payable	(12,377)	42,422	59,116
Accrued expenses	13,505	(3,822)	(5,816)
Other liabilities	(1,213)	9,803	(10,795)
Net cash provided by operating activities	204,196	76,459	136,602
Cash flows from investing activities			
Capital expenditures	(48,943)	(59,940)	(45,111)
Purchase of businesses, net of cash acquired	(24,553)	(32,200)	(33,242)
Proceeds from disposal of property, plant, and equipment	76	479	1,109
Net cash used in investing activities	(73,420)	(91,661)	(77,244)
Cash flows from financing activities			
Net (decrease) increase in short-term debt	(462)	3,084	(7,436)
Proceeds from revolving credit borrowings	111,550	100,000	—
Repayment of revolving credit borrowings	(132,150)	—	—
Proceeds from long-term debt—other	—	6,112	—
Payments of long-term debt—other	(308)	(212,238)	(25,243)
Deferred financing fees incurred in connection with refinancing prior credit facility	—	(3,500)	—
Capital lease obligations and other	(1,375)	(111)	878
Net effect from exercising of stock options and vesting of equity awards	974	17,894	5,042
Excess tax benefits from exercise of stock options and vesting of equity awards	1,772	6,082	2,287
Purchase of treasury stock	(58,383)	—	—
Net cash used in financing activities	(78,382)	(82,677)	(24,472)
Effect of exchange rate changes on cash	(773)	5,706	2,995
Net increase (decrease) in cash and cash equivalents	51,621	(92,173)	37,881
Cash and cash equivalents at beginning of year	108,869	201,042	163,161
Cash and cash equivalents at end of year	<u>\$ 160,490</u>	<u>\$ 108,869</u>	<u>\$201,042</u>

See accompanying notes.

EnerSys
Notes to Consolidated Financial Statements
March 31, 2012
(In Thousands, Except Share and Per Share Data)

1. Summary of Significant Accounting Policies

Description of Business

EnerSys and its predecessor companies have been manufacturers of industrial batteries for over 100 years. EnerSys is a global leader in stored energy solutions for industrial applications. The Company manufactures, markets and distributes industrial batteries and related products such as chargers, power equipment and battery accessories, and provides related after-market and customer-support services for industrial batteries.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and any partially-owned subsidiaries that the Company has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are generally consolidated, investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method, and investments in affiliates of 20% or less are accounted for using the cost method. All intercompany transactions and balances have been eliminated in consolidation.

Foreign Currency Translation

Results of foreign operations are translated into U.S. dollars using average exchange rates during the period. The assets and liabilities are translated into U.S. dollars using exchange rates as of the balance sheet date. Gains or losses resulting from translating the foreign currency financial statements are accumulated as a separate component of accumulated other comprehensive income ("AOCI") in EnerSys' stockholders' equity and noncontrolling interests.

Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency of the applicable subsidiary are included in the Consolidated Statements of Income, within "Other (income) expense, net", in the year in which the change occurs.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete. This occurs when risk and title transfers, collectibility is reasonably assured and pricing is fixed and determinable. Shipment terms are either shipping point or destination and do not differ significantly between the Company's business segments. Accordingly, revenue is recognized when risk and title are transferred to the customer. Amounts invoiced to customers for shipping and handling are classified as revenue. Taxes on revenue producing transactions are not included in net sales.

The Company recognizes revenue from the service of its reserve power and motive power products when the respective services are performed.

Accruals are made at the time of sale for sales returns and other allowances based on the Company's historical experience.

Freight Expense

Amounts billed to customers for outbound freight costs are classified as sales in the consolidated statements of income. Costs incurred by the Company for outbound freight costs to customers, inbound and transfer freight are classified in cost of goods sold.

Warranties

The Company's products are warranted for a period ranging from one to twenty years for reserve power batteries and for a period ranging from one to seven years for motive power batteries. The Company provides for estimated product warranty expenses when the related products are sold. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased.

Concentration of Credit Risk

Financial instruments that subject the Company to potential concentration of credit risk consist principally of short-term cash investments and trade accounts receivable. The Company invests its cash with various financial institutions and in various investment instruments limiting the amount of credit exposure to any one financial institution or entity. The Company has bank deposits that exceed federally-insured limits. In addition, certain cash investments may be made in U.S. and foreign government bonds, or other highly rated investments guaranteed by the U.S. or foreign governments. Concentration of credit risk with respect to trade receivables is limited by a large, diversified customer base and its geographic dispersion. The Company performs ongoing credit evaluations of its customers' financial condition and requires collateral, such as letters of credit, in certain circumstances.

Accounts Receivable

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The allowance is based on management's estimate of uncollectible accounts, analysis of historical data and trends, as well as reviews of all relevant factors concerning the financial capability of its customers. Accounts receivable are considered to be past due based on how payments are received compared to the customer's credit terms. Accounts are written off when management determines the account is uncollectible.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventory consists of material, labor, and associated overhead.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and include expenditures that substantially increase the useful lives of the assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows: 10 to 33 years for buildings and improvements and 3 to 15 years for machinery and equipment.

Maintenance and repairs are expensed as incurred. Interest on capital projects is capitalized during the construction period.

Goodwill and Other Intangible Assets

The Company records the excess of purchase price over the fair value of the tangible and identifiable intangible assets acquired as goodwill. Goodwill and indefinite-lived trade names are tested for impairment at

least annually and whenever events or circumstances occur indicating that a possible impairment may have been incurred. The Company utilizes financial projections of its business segments, certain cash flow measures, as well as its market capitalization in its determination of the fair value of these assets.

Finite-lived assets such as purchased and licensed technology, patents and customer lists are amortized over their estimated useful lives, generally over periods ranging from 3 to 20 years. The Company reviews the carrying values of these assets for possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on undiscounted estimated cash flows expected to result from its use and eventual disposition. The Company continually evaluates the reasonableness of the useful lives of these assets.

Impairment of Long-Lived Assets

The Company reviews the carrying values of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on undiscounted estimated cash flows expected to result from its use and eventual disposition. The factors considered by the Company in performing this assessment include current operating results, trends and other economic factors. In assessing the recoverability of the carrying value of the property and equipment, the Company must make assumptions regarding future cash flows and other factors. If these estimates or the related assumptions change in the future, the Company may be required to record an impairment loss for these assets.

Environmental Expenditures

The Company records a loss and establishes a reserve for environmental remediation liabilities when it is probable that an asset has been impaired or a liability exists and the amount of the liability can be reasonably estimated. Reasonable estimates involve judgments made by management after considering a broad range of information including: notifications, demands or settlements that have been received from a regulatory authority or private party, estimates performed by independent engineering companies and outside counsel, available facts existing and proposed technology, the identification of other potentially responsible parties, their ability to contribute and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. However, the reserves may materially differ from ultimate actual liabilities if the loss contingency is difficult to estimate or if management's judgments turn out to be inaccurate. If management believes no best estimate exists, the minimum probable loss is accrued.

Derivative Financial Instruments

The Company utilizes derivative instruments to mitigate volatility related to interest rates, lead prices and foreign currency exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company recognizes derivatives as either assets or liabilities in the accompanying balance sheet and measures those instruments at fair value. Changes in the fair value of those instruments are reported in AOCI if they qualify for hedge accounting or in earnings if they do not qualify for hedge accounting. Derivatives qualify for hedge accounting if they are designated as hedge instruments and if the hedge is highly effective in achieving offsetting changes in the fair value or cash flows of the asset or liability hedged. Effectiveness is measured on a regular basis using statistical analysis and by comparing the overall changes in the expected cash flows on the lead and foreign currency forward contracts with the changes in the expected all-in cash outflow required for the lead and foreign currency purchases. This analysis is performed on the initial purchases quarterly that cover the quantities hedged. Accordingly, gains and losses from changes in derivative fair value of effective hedges are deferred and reported in AOCI until the underlying transaction affects earnings.

The Company has commodity, foreign exchange and interest rate hedging authorization from the Board of Directors and has established a hedging and risk management program that includes the management of market and counterparty risk. Key risk control activities designed to ensure compliance with the risk management program include, but are not limited to, credit review and approval, validation of transactions and market prices,

verification of risk and transaction limits, portfolio stress tests, sensitivity analyses and frequent portfolio reporting, including open positions, determinations of fair value and other risk management metrics.

Market risk is the potential loss the Company and its subsidiaries may incur as a result of price changes associated with a particular financial or commodity instrument. The Company utilizes forward contracts, and swaps as part of its risk management strategies, to minimize unanticipated fluctuations in earnings caused by changes in commodity prices, interest rates and/or foreign currency exchange rates. All derivatives are recognized on the balance sheet at their fair value, unless they qualify for Normal Purchase Normal Sale.

Credit risk is the potential loss the Company may incur due to counterparty's non-performance. The Company is exposed to credit risk from interest rate, foreign currency and commodity derivatives with financial institutions. The Company has credit policies to manage their credit risk, including the use of an established credit approval process, monitoring of counterparty positions and the use of master netting agreements.

The Company has elected to offset net derivative positions under master netting arrangements. The Company does not have any positions involving cash collateral (payables or receivables) under a master netting arrangement as of March 31, 2012 and 2011.

The Company does not have any credit-related contingent features associated with their derivative instruments.

Fair Value of Financial Instruments

The fair value of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate carrying value due to their short maturities.

The fair value of the Company's \$350,000 senior secured revolving credit facility ("2011 Credit Facility"), the 75,000 Chinese Renminbi ("RMB") credit facility ("China Term Loan"), the 273,780 Indian Rupee ("INR") term loan ("India Term Loan") and short-term debt approximate their carrying value, as they are variable rate debt and the current terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

The fair value amounts of the Company's \$172,500 senior unsecured 3.375% convertible notes ("Convertible Notes") represent the trading values of the Convertible Notes which is based upon quoted market prices and are classified as Level 2.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Company and its subsidiaries use, as appropriate, a market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models), and/or a cost approach (generally, replacement cost) to measure the fair value of an asset or liability. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk.

Lead contracts, foreign currency contracts and interest rate contracts generally use an income approach to measure the fair value of these contracts, utilizing readily observable inputs, such as forward interest rates (e.g., London Interbank Offered Rate—"LIBOR") and forward foreign currency exchange rates (e.g., GBP and euro) and commodity prices (e.g. London Metals Exchange), as well as inputs that may not be observable, such as credit valuation adjustments. When observable inputs are used to measure all or most of the value of a contract, the contract is classified as Level 2. Over-the-counter (OTC) contracts are valued using quotes obtained from an exchange, binding and non-binding broker quotes. Furthermore, the Company obtains independent quotes from the market to validate the forward price curves. OTC contracts include forwards, swaps and options. To the extent possible, fair value measurements utilize various inputs that include quoted prices for similar contracts or market-corroborated inputs.

When unobservable inputs are significant to the fair value measurement, a contract is classified as Level 3. The Company did not have any Level 3 positions at March 31, 2012 or March 31, 2011. Additionally, Level 2 fair value measurements include adjustments for credit risk based on the Company's own creditworthiness (for net liabilities) and its counterparties' creditworthiness (for net assets). The Company assumes that observable market prices include sufficient adjustments for liquidity and modeling risks. The Company did not have any contracts that transferred between Level 2 and Level 3 as well as Level 1 and Level 2.

Income Taxes

The Company accounts for income taxes in accordance with the Financial Accounting Standards Board ("FASB") guidance, which requires deferred tax assets and liabilities be recognized using enacted tax rates to measure the effect of temporary differences between book and tax bases on recorded assets and liabilities. FASB guidance also requires that deferred tax assets be reduced by a valuation allowance, if it is more likely than not some portion or all of the deferred tax assets will not be recognized.

The Company evaluates on a quarterly basis its ability to realize deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are forecasts of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

In accordance with FASB guidance on accounting for uncertainty in income taxes, the Company evaluates tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit. If the more likely than not threshold is not met in the period for which a tax position is taken, the Company may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

Deferred Financing Fees

Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense over the life of the underlying indebtedness, adjusted to reflect any early repayments.

Retirement Plans

The Company accounts for retirement plans in accordance with FASB guidance on employers' accounting for defined benefit pension benefit plans, which requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's overfunded status or a liability for a plan's underfunded status, and to measure a defined benefit postretirement plan's assets and obligation that determine its funded status as of the end of the balance sheet date.

The Company uses certain assumptions in the calculation of the actuarial valuations of its defined benefit plans. These assumptions include discount rate, rates of increase in compensation levels and expected long-term rates of return of plan assets. If actual results are less favorable than those projected by the Company, additional expense may be required.

Stock-Based Compensation Plans

The Company accounts for stock compensation in accordance with FASB guidance, which requires the Company to measure the cost of employee services received in exchange for the award of an equity instrument

based on the grant-date fair value of the award, with such cost recognized over the applicable vesting period. In addition, the guidance requires an entity to provide certain disclosures in order to assist in understanding the nature of share-based payment transactions and the effects of those transactions on the financial statements.

Market Share Units

The fair value of the market share units is estimated at the date of grant using a binomial lattice model with the following assumptions: a risk-free interest rate, dividend yield, time to maturity and expected volatility. These units vest and are settled in common stock on the third anniversary of the date of grant. Market share units are converted into between zero and two shares of common stock for each unit granted at the end of a three-year performance cycle. The conversion ratio is calculated by dividing the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the vesting date by the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the grant date, with the resulting quotient capped at two. This quotient is then multiplied by the number of market share units granted to yield the number of shares of common stock to be delivered on the vesting date. The Company recognizes compensation expense using the straight-line method over the life of the market share units.

Restricted Stock Units

The fair value of restricted stock units is based on the closing market price of the Company's common stock on the date of grant. These awards generally vest, and are settled in common stock, at 25% per year, over a four-year period from the date of grant. The Company recognizes compensation expense using the straight-line method over the life of the restricted stock units.

Stock Options

The fair value of the options granted is estimated at the date of grant using the Black-Scholes option-pricing model utilizing assumptions based on historical data and current market data. The assumptions include expected term of the options, risk-free interest rate, expected volatility, and dividend yield. The expected term represents the expected amount of time that options granted are expected to be outstanding, based on historical and forecasted exercise behavior. The risk-free rate is based on the rate at grant date of zero-coupon U.S. Treasury Notes with a term equal to the expected term of the option. Expected volatility is estimated using historical volatility rates based on historical weekly price changes. The Company's dividend yield is based on historical data. The Company recognizes compensation expense using the straight-line method over the vesting period of the options.

Earnings Per Share

Basic earnings per common share ("EPS") are computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. At March 31, 2012, 2011 and 2010, the Company had outstanding stock options, restricted stock units, market share units and Convertible Notes, which could potentially dilute basic earnings per share in the future.

Segment Reporting

FASB guidance defines that a segment for reporting purposes is based on the financial performance measures that are regularly reviewed by the chief operating decision maker to assess segment performance and to make decisions about a public entity's allocation of resources. Based on this guidance, the Company reports its segment results based upon the three geographical regions of operations—Americas, Europe and Asia.

New Accounting Pronouncements

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements and eliminated the option to present components of other comprehensive income as part of the statement of shareholders' equity. This guidance will be effective for the Company in the first quarter of fiscal 2013 and is not expected to have an impact on its financial statements other than the change in presentation.

In September 2011, the FASB issued revised guidance to simplify how entities test goodwill for impairment. The amendments will permit an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company plans to adopt this guidance for its annual goodwill impairment test performed in fiscal 2013 and thereafter. The adoption will not have an impact on the Company's financial statements.

Effective January 2, 2012, the Company prospectively adopted accounting guidance that was issued to clarify existing fair value measurement guidance as well as enhance fair value disclosures. The additional disclosures required by this guidance include quantitative information about significant unobservable inputs used for Level 3 measurements, qualitative information about the sensitivity of recurring Level 3 measurements, information about any transfers between Level 1 and 2 of the fair value hierarchy, information about when the current use of a non-financial asset is different from the highest and best use, and the hierarchy classification for assets and liabilities whose fair value is disclosed only in the notes to the financial statements. The adoption of this standard did not have a material impact on the Company's financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform to the current-year presentation.

2. Acquisitions

In fiscal 2012, the Company completed the following four acquisitions with a combined net purchase price of \$24,553, using cash on hand.

The Company obtained a controlling financial interest in Powertech Batteries (which is a part of Allied Electronics Corporation Limited (Altron)), in South Africa to produce and market batteries for industrial applications. This will serve both reserve power and motive power customers across sub-Saharan Africa, including South Africa.

The Company obtained a controlling financial interest in EAS Germany GmbH, to produce large format lithium-ion battery cells with GAIA Akkumulatorenwerke GmbH ("GAIA"), a wholly owned subsidiary of Lithium Technology Corporation ("LTC").

The Company obtained a controlling financial interest in Energy Leader Batteries India Limited in India to serve both reserve and motive power customers in India.

The Company has also acquired Industrial Battery Holding S.A., the parent company of EnerSystem, a market leader in the South American motive power and reserve power battery markets, with headquarters in Buenos Aires, Argentina and with manufacturing plants in Argentina and Brazil as well as operations in Chile.

The Company is in the process of finalizing purchase accounting for these acquisitions. The Company made initial allocations of the purchase prices at the dates of the acquisitions based on the estimated fair value of the acquired assets and liabilities assumed. The Company obtained this information during due diligence and through other sources. The Company will finalize the estimates of fair value and the allocations of purchase prices will be adjusted during fiscal 2013. The Company acquired intangible assets, in connection with each acquisition, including trademarks, customer relationships, technology and goodwill. Trademarks were initially valued at \$2,000, non-compete agreements at \$500, customer relationships at \$3,400 and technology at \$4,265. Customer relationships, non-compete agreements and technology were assigned finite useful lives and amortization is recorded over the economic life of the intangibles. Goodwill relating to these acquisitions was recorded at \$10,723.

The results of these acquisitions have been included in the Company's results of operations from the dates of their respective acquisitions. Pro forma earnings per share computations have not been presented as these acquisitions are not considered material.

In fiscal 2011, the Company made three acquisitions, the most significant of which was the acquisition of the lithium-ion battery business, ABSL Power Solutions Ltd ("ABSL"), which was completed on February 28, 2011. The purchase price paid for these transactions, net of cash received, was \$32,200 and was financed using cash on hand. The Company finalized purchase accounting for these acquisitions. The Company acquired intangible assets, in connection with the ABSL acquisition, including trademarks, customer relationships, technology and goodwill. Trademarks were valued at \$1,774, customer relationships at \$3,547 and technology at \$2,741. Customer relationships and technology were assigned finite useful lives and amortization is recorded over the economic life of the intangibles. Goodwill relating to the acquisition of ABSL was recorded at \$15,342.

In fiscal 2010, the Company made three acquisitions, the most significant of which was the acquisition of the industrial battery businesses of the Swiss company Accu Holding AG, which included the acquisition of the stock of OEB Traction Batteries and the operating assets and liabilities of Oerlikon Stationery Batteries and its Swedish sales subsidiary (all collectively referred to as "Oerlikon") during November 2009. The accounting for the Oerlikon acquisition resulted in the recognition of a bargain purchase gain of \$2,919. The total purchase price for these transactions, net of cash received, was \$33,242 and was financed using cash on hand.

These acquisitions and the investment provide the Company with an additional range of well respected and designed products for use in high integrity applications in telecommunications, utilities, rail, material handling and mining, as well as other sectors.

In connection with certain of its acquisitions, the Company formulated restructuring plans for the integration of the acquired businesses. See Note 20 for additional information regarding these plans.

3. Inventories

Net inventories consist of:

	March 31,	
	2012	2011
Raw materials	\$100,538	\$ 92,928
Work-in-process	111,629	100,261
Finished goods	149,607	141,814
Total	<u>\$361,774</u>	<u>\$335,003</u>

Inventory reserves for obsolescence and other estimated losses, mainly relating to finished goods, were \$14,831 and \$15,052 at March 31, 2012 and 2011, respectively, and have been included in the net amounts shown above.

4. Property, Plant, and Equipment

Property, plant, and equipment consist of:

	March 31,	
	2012	2011
Land, buildings, and improvements	\$ 201,038	\$ 174,887
Machinery and equipment	511,599	475,818
Construction in progress	29,779	51,662
	742,416	702,367
Less accumulated depreciation	(389,201)	(357,982)
Total	<u>\$ 353,215</u>	<u>\$ 344,385</u>

Depreciation expense for the fiscal years ended March 31, 2012, 2011 and 2010 totaled \$48,532, \$43,517, and \$44,145, respectively. Interest capitalized in connection with major construction projects amounted to \$797, \$1,292, and \$929 for the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

5. Goodwill and Other Intangible Assets

Information regarding the Company's other intangible assets are as follows:

	March 31,					
	2012			2011		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Indefinite-lived intangible assets:						
Trademarks	\$ 86,745	\$ (953)	\$ 85,792	\$ 83,021	\$ (953)	\$82,068
Finite-lived intangible assets:						
Customer relationships	14,330	(2,839)	11,491	11,064	(1,880)	9,184
Non-compete	2,602	(1,224)	1,378	2,117	(954)	1,163
Patents	5,230	(615)	4,615	3,402	(210)	3,192
Trademarks	2,003	(643)	1,360	3,771	(559)	3,212
Licenses	2,640	(194)	2,446	82	(82)	—
Total	<u>\$113,550</u>	<u>\$(6,468)</u>	<u>\$107,082</u>	<u>\$103,457</u>	<u>\$(4,638)</u>	<u>\$98,819</u>

The Company's amortization expense related to finite-lived intangible assets was \$1,828, \$876, and \$706, for the years ended March 31, 2012, 2011 and 2010, respectively. The expected amortization expense based on the finite-lived intangible assets as of March 31, 2012, is \$2,463 in 2013, \$2,238 in 2014, \$2,124 in 2015, \$2,092 in 2016 and \$1,966 in 2017.

The changes in the carrying amount of goodwill by business segment are as follows:

	Fiscal year ended March 31, 2012			
	Europe	Americas	Asia	Total
Balance at beginning of year	\$177,881	\$143,225	\$22,560	\$343,666
Goodwill acquired during the year	1,250	7,973	1,500	10,723
Adjustments related to the finalization of purchase accounting for prior year acquisitions	374	5	—	379
Foreign currency translation	(7,977)	(449)	719	(7,707)
Balance at end of year	<u>\$171,528</u>	<u>\$150,754</u>	<u>\$24,779</u>	<u>\$347,061</u>

	Fiscal year ended March 31, 2011			
	Europe	Americas	Asia	Total
Balance at beginning of year	\$162,641	\$132,915	\$21,709	\$317,265
Goodwill acquired during the year	7,710	7,591	—	15,301
Adjustments related to the finalization of purchase accounting for prior year acquisitions	24	2,250	—	2,274
Foreign currency translation	7,506	469	851	8,826
Balance at end of year	<u>\$177,881</u>	<u>\$143,225</u>	<u>\$22,560</u>	<u>\$343,666</u>

The Company estimated tax-deductible goodwill to be approximately \$12,745 and \$14,982 as of March 31, 2012 and 2011, respectively.

6. Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	March 31,	
	2012	2011
Prepaid non income taxes	\$23,737	\$22,753
Non-trade receivables	8,247	8,214
Prepaid income taxes	7,716	15,986
Lead hedges	—	9,575
Other	12,693	13,675
Total	<u>\$52,393</u>	<u>\$70,203</u>

7. Accrued Expenses

Accrued expenses consist of the following:

	March 31,	
	2012	2011
Payroll and benefits	\$ 55,595	\$ 58,794
Accrued selling expenses	26,269	24,257
Warranty	19,274	16,218
Income taxes payable	16,979	15,591
VAT and other non-income taxes	10,966	11,937
Freight	12,314	10,208
Deferred income	12,057	7,107
Interest rate swaps	3,628	—
Interest	2,040	2,471
Pension and social security	1,696	1,854
Restructuring	1,186	5,323
Other	26,399	30,940
Total	<u>\$188,403</u>	<u>\$184,700</u>

8. Debt

Summary of Long-Term Debt

The following summarizes the Company's long-term debt:

	March 31,	
	2012	2011
3.375% Convertible Notes, net of discount, due 2038	\$148,272	\$141,837
2011 Credit Facility due 2016	79,400	100,000
China Term Loan due 2017	6,034	6,112
India Term Loan due 2017	5,383	—
Other	40	43
	239,129	247,992
Less current portion	2,540	43
Total long-term debt	<u>\$236,589</u>	<u>\$247,949</u>

2011 Senior Secured Revolving Credit Facility

On March 29, 2011, the Company entered into a \$350,000 senior secured revolving credit facility ("2011 Credit Facility"). The 2011 Credit Facility matures on March 31, 2016. This facility includes an early termination provision under which the Company is required to meet a liquidity test in February 2015 related to its capacity to meet certain potential obligations related to the Convertible Notes in June 2015. Borrowings under the 2011 Credit Facility bear interest at a floating rate based, at the Company's option, upon (i) LIBOR plus an applicable percentage (currently 1.25%), (ii) the greater of the Federal Funds rate plus 0.50% or the prime rate, or one-month LIBOR plus 1.0%, plus an applicable percentage (currently 0.25%). There are no prepayment penalties on loans under the 2011 Credit Facility. The interest rate as of March 31, 2012 was 1.60%.

Obligations under the 2011 Credit Facility are secured by substantially all of the Company's existing and future acquired assets, including substantially all of the capital stock of the Company's United States subsidiaries that are guarantors under the new credit facility, and 65% of the capital stock of certain of the Company's foreign subsidiaries that are owned by the Company's United States companies.

China Term Loan

During the fourth quarter of fiscal 2011, the Company completed the financing of a 75,000 Chinese Renminbi (RMB) (\$11,909) credit facility ("China Term Loan"). This is a six year term loan to provide a portion of the capital requirements for the Company's operations in China. At March 31, 2012, the Company had drawn RMB 38,000 (\$6,034). This term loan currently bears interest at a rate of 7.26% per annum, adjusted annually, based on the official Peoples Bank of China Bank Rate and is payable in quarterly installments of RMB 2,000 (\$318) commencing in April 2012.

India Term Loan

During the fourth quarter of fiscal 2012, the Company entered into a joint venture with Energy Leader Batteries India Limited in India, where the Company acquired majority ownership. The joint venture had, at March 31, 2012, a syndicated term loan ("India Term Loan") with an outstanding balance of 273,780 Indian Rupee (INR) (\$5,383). The India Term Loan bears interest at a rate of 15.1% per annum adjusted every two years based on the prevailing Indian Benchmark Prime Lending Rate ("BPLR") and is payable in equal quarterly installments of 15,000 INR (\$295) over five years.

Senior Unsecured 3.375% Convertible Notes

On May 28, 2008, the Company completed a registered offering of \$172,500 aggregate principal amount of senior unsecured 3.375% Convertible Notes Due 2038 ("Convertible Notes") (see prospectus and supplemental indenture dated May 28, 2008). The Company received net proceeds of \$168,200 after the deduction of commissions and offering expenses. The Company used all of the net proceeds to repay a portion of its then existing 2004 senior secured credit facility.

The Convertible Notes are general senior unsecured obligations and rank equally with the Company's existing and future senior unsecured obligations and are junior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations. The Convertible Notes are not guaranteed, and are structurally subordinate in right of payment to, all of the (i) existing and future indebtedness and other liabilities of the Company's subsidiaries and (ii) preferred stock of the Company's subsidiaries to the extent of their respective liquidation preferences.

The Convertible Notes require the semi-annual payment of interest in arrears on June 1 and December 1 of each year beginning December 1, 2008, at 3.375% per annum on the principal amount outstanding. The Convertible Notes will accrete principal beginning on June 1, 2015 and will bear contingent interest, if any, beginning with the six-month interest period commencing on June 1, 2015 under certain circumstances. The Convertible Notes will mature on June 1, 2038. Prior to maturity the holders may convert their Convertible Notes into shares of the Company's common stock at any time after March 1, 2015 or prior to that date under certain circumstances. When issued, the initial conversion rate was 24.6305 shares per \$1,000 principal amount of Convertible Notes, which was equivalent to an initial conversion price of \$40.60 per share.

At any time after June 6, 2015, the Company may at its option redeem the Convertible Notes, in whole or in part, for cash, at a redemption price equal to 100% of the principal amount of Convertible Notes to be redeemed, plus any accrued and unpaid interest. A holder of Convertible Notes may require the Company to repurchase some or all of the holder's Convertible Notes for cash upon the occurrence of a fundamental change as defined in the indenture and on each of June 1, 2015, 2018, 2023, 2028 and 2033 at a price equal to 100% of the principal amount of the Convertible Notes being repurchased, plus accrued and unpaid interest, if any, in each case. It is the Company's current intent to settle the principal amount of any conversions in cash, and any additional conversion consideration in cash, shares of EnerSys common stock or a combination of cash and shares. The Convertible Notes will mature on June 1, 2038, unless earlier converted, redeemed or repurchased.

If applicable, the Company will pay a make-whole premium on Convertible Notes converted in connection with certain fundamental changes that occur prior to June 6, 2015. The amount of the make-whole premium, if any, will be based on the Company's stock price and the effective date of the fundamental change. The indenture contains a detailed description of how the make-whole premium will be determined and a table showing the make-whole premium that would apply at various stock prices. No make-whole premium would be paid if the price of the Common Stock on the effective date of the fundamental change is less than \$29.00. Any make-whole premium will be payable in shares of Common Stock (or the consideration into which the Company's Common Stock has been exchanged in the fundamental change) on the conversion date for the Convertible Notes converted in connection with the fundamental change.

The Convertible Notes were issued in an offering registered under the Securities Act of 1933, as amended (Securities Act).

In accordance with FASB guidance on the accounting for convertible debt instruments that may be settled in cash upon conversion (including partial settlement), the liability and equity components are separated in a manner that will reflect the entity's non-convertible debt borrowing rate when interest expense is recognized in subsequent periods.

The following represents the principal amount of the liability component, the unamortized discount, and the net carrying amount of our Convertible Notes as of March 31, 2012 and 2011, respectively:

	March 31, 2012	March 31, 2011
Principal	\$172,500	\$172,500
Unamortized discount	(24,228)	(30,663)
Net carrying amount	<u>\$148,272</u>	<u>\$141,837</u>
Carrying amount of equity component	<u>\$ 29,850</u>	<u>\$ 29,850</u>

As of March 31, 2012, the remaining discount will be amortized over a period of 38 months. The conversion price of the \$172,500 in aggregate principal amount of the Convertible Notes is \$40.60 per share and the number of shares on which the aggregate consideration to be delivered upon conversion is 4,248,761.

The effective interest rate on the liability component of the Convertible Notes was 8.50%. The amount of interest cost recognized for the amortization of the discount on the liability component of the Convertible Notes was \$6,435, \$5,917 and \$5,439, respectively, for the fiscal years ended March 31, 2012, 2011 and 2010.

As of March 31, 2012 and 2011, the Company had available and undrawn, under all its lines of credit, \$377,230 and \$356,447, respectively. Included in the March 31, 2012 and 2011 amounts are \$95,340 and \$95,049, respectively, of uncommitted lines of credit.

The Company paid \$8,933, \$16,101 and \$16,456, net of interest received, for interest during the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

Aggregate maturities of long-term debt (including \$24,228 of Convertible Notes discount) are as follows at March 31, 2012:

2013	\$ 2,540
2014	2,450
2015	2,450
2016	254,350
2017	1,567
Thereafter	—
	<u>\$263,357</u>

The Company's financing agreements contain various covenants, which, absent prepayment in full of the indebtedness and other obligations, or the receipt of waivers, would limit the Company's ability to conduct certain specified business transactions including incurring debt, mergers, consolidations or similar transactions, buying or selling assets out of the ordinary course of business, engaging in sale and leaseback transactions, paying dividends and certain other actions. The Company is in compliance with all such covenants.

As of March 31, 2012 and 2011, the Company had \$9,108 and \$1,150, respectively, of standby letters of credit outstanding under the 2011 Credit Facility and other credit arrangements. As of March 31, 2012 and 2011, the Company had no bank guarantees.

Deferred Financing Fees

In fiscal 2011, in connection with the refinancing of the Company's previous credit facility, the Company wrote-off \$2,308 of unamortized deferred financing fees associated with the previous Credit Facility, and incurred \$3,500 in new deferred financing fees.

Deferred financing fees, net of accumulated amortization totaled \$4,634 and \$5,912 as of March 31, 2012 and 2011, respectively. Amortization expense, relating to deferred financing fees, included in interest expense was \$1,278, \$1,861, and \$1,724 for the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

9. Leases

The Company's future minimum lease payments under capital and operating leases that have noncancelable terms in excess of one year at March 31, 2012 are as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2013	\$ 451	\$18,268
2014	475	13,478
2015	84	10,108
2016	14	6,981
2017	7	5,008
Thereafter	—	3,588
Total minimum lease payments	<u>1,031</u>	<u>\$57,431</u>
Amounts representing interest	<u>101</u>	
Net minimum lease payments, including current portion of \$409	<u>\$ 930</u>	

Rental expense was \$31,619, \$28,047, and \$26,957 for the fiscal years ended March 31, 2012, 2011 and 2010, respectively. Amortization of capitalized leased assets is included in depreciation expense. Certain operating lease agreements contain renewal or purchase options and/or escalation clauses.

10. Other Liabilities

Other long-term liabilities consist of the following:

	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Pension and profit sharing obligation	\$35,804	\$29,297
Warranty	22,793	19,788
Long-term income taxes liabilities	13,520	11,320
Deferred income	6,094	3,839
Interest rate swap liabilities	244	5,847
Other	<u>14,013</u>	<u>6,552</u>
Total	<u>\$92,468</u>	<u>\$76,643</u>

11. Fair Value Of Financial Instruments

FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The Company uses the following valuation techniques to measure fair value for its financial assets and financial liabilities:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

- Level 2 Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3 Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following tables represent the financial assets and (liabilities), measured at fair value on a recurring basis as of March 31, 2012 and March 31, 2011 and the basis for that measurement:

	Total Fair Value Measurement March 31, 2012	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap agreements	\$(3,872)	\$—	\$(3,872)	\$—
Lead forward contracts	(851)	—	(851)	—
Foreign currency forward contracts	782	—	782	—
Total derivatives	<u>\$(3,941)</u>	<u>\$—</u>	<u>\$(3,941)</u>	<u>\$—</u>

	Total Fair Value Measurement March 31, 2011	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap agreements	\$(5,847)	\$—	\$(5,847)	\$—
Lead forward contracts	9,575	—	9,575	—
Foreign currency forward contracts	(2,591)	—	(2,591)	—
Total derivatives	<u>\$ 1,137</u>	<u>\$—</u>	<u>\$ 1,137</u>	<u>\$—</u>

The fair value of interest rate swap agreements are based on observable prices as quoted for receiving the variable three month LIBOR and paying fixed interest rates and, therefore, were classified as Level 2.

The fair value of lead forward contracts are calculated using observable prices for lead as quoted on the London Metal Exchange (“LME”) and, therefore, were classified as Level 2.

The fair value for foreign currency forward contracts are based upon current quoted market prices and are classified as Level 2 based on the nature of the underlying market in which these derivatives are traded.

Financial Instruments

The fair value of the Company’s cash and cash equivalents, accounts receivable and accounts payable approximate carrying value due to their short maturities.

The fair value of the Company’s 2011 Credit Facility, the China Term Loan, the India Term Loan and short-term debt approximate their carrying value, as they are variable rate debt and the current terms are comparable to market terms as of the balance sheet dates.

The Convertible Notes, with a face value of \$172,500, were issued when the Company’s stock price was trading at \$30.19 per share. On March 31, 2012, the Company’s stock price closed at \$34.65 per share. The Convertible Notes have a conversion option at \$40.60 per share, and due to current conditions in the financial markets, the Company’s Convertible Notes were trading at 116% of face value on March 31, 2012, and 125% of face value on March 31, 2011. As of March 31, 2012 and 2011, the unamortized discount on the Convertible Notes was \$24,228 and \$30,663, respectively.

The carrying amounts and estimated fair values of the Company's derivatives and Convertible Notes at March 31, 2012 and 2011 were as follows:

	March 31, 2012		March 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Derivatives ⁽¹⁾	\$ 782	\$ 782	\$ 9,575	\$ 9,575
Financial liabilities:				
Convertible Notes	\$148,272 ⁽²⁾	\$200,100 ⁽³⁾	\$141,837 ⁽²⁾	\$215,625 ⁽³⁾
Derivatives ⁽¹⁾	4,723	4,723	8,438	8,438

- (1) Represents interest rate swap agreements, lead and foreign currency hedges (see Note 12 for asset and liability positions of the interest rate swap agreements, lead and foreign currency hedges at March 31, 2012 and March 31, 2011).
- (2) The carrying amounts of the Convertible Notes at March 31, 2012 and March 31, 2011 represent the \$172,500 principal value, less the unamortized debt discount (see Note 8).
- (3) The fair value amounts of the Convertible Notes represent the trading values of the Convertible Notes with a principal value of \$172,500 at March 31, 2012 and March 31, 2011.

12. Derivative Financial Instruments

The Company utilizes derivative instruments to reduce its exposure to commodity price, foreign exchange risks and interest rates, under established procedures and controls. The Company does not enter into derivative contracts for speculative purposes. The Company's agreements are with creditworthy financial institutions and the Company anticipates performance by counterparties to these contracts and therefore no material loss is expected.

Derivatives in Cash Flow Hedging Relationships

Lead Hedge Forward Contracts

The Company enters into lead hedge forward contracts to fix the price for a portion of lead purchases. Management considers the lead hedge forward contracts to be effective against changes in the cash flows of the underlying lead purchases based on the criteria under FASB guidance. The vast majority of such contracts are for a period not extending beyond one year and the notional amounts at March 31, 2012 and 2011 were 60.0 million and 63.4 million pounds, respectively.

Foreign Currency Forward Contracts

The Company purchases lead and other commodities in certain countries where the foreign currency exposure is different from the functional currency of that country. The Company uses foreign currency forward contracts to hedge a portion of the Company's foreign currency exposures for lead and other commodities purchases so that gains and losses on these contracts offset changes in the underlying foreign currency denominated exposures. Each contract is for a period not extending beyond one year. As of March 31, 2012 and 2011, the Company had entered into a total of \$42,121 and \$71,930, respectively, of such contracts.

In the coming twelve months, the Company anticipates that \$1,784 of pretax gain relating to lead and foreign currency forward contracts will be reclassified from AOCI as part of cost of goods sold. This amount represents the current unrealized impact of hedging lead and foreign exchange rates, which will change as market rates change in the future, and will ultimately be realized in the income statement as an offset to the corresponding actual changes in lead costs to be realized in connection with the variable lead cost and foreign exchange rates being hedged.

Derivatives not Designated in Hedging Relationships

Interest Rate Swap Agreements

As of March 31, 2012 and March 31, 2011, the Company maintained interest rate swap agreements that converted \$85,000 of variable-rate debt to a fixed-rate basis, utilizing the three-month LIBOR, as a floating rate reference. These agreements, which expire between February 2013 and May 2013, no longer qualified for hedge accounting at the end of fiscal 2011 as a result of the refinancing of the Company's previous credit facility. Changes in the fair value of these agreements of \$977 in expense during the twelve months of fiscal 2012 have been recorded in the consolidated statements of income in other (income) expense, net. In fiscal 2011, the changes in the fair value of these agreements were recorded in AOCI.

Foreign Currency Forward Contracts

The Company also enters into foreign currency forward contracts to economically hedge foreign currency fluctuations on intercompany loans and foreign currency denominated receivables. These are not designated as hedging instruments. The notional amount of these contracts was \$11,410 as of March 31, 2012. Net changes in the fair value of these agreements of \$106 in expense during the twelve months of fiscal 2012 have been recorded in the consolidated statements of income in other (income) expense, net.

Presented below in tabular form is information on the location and amounts of derivative fair values in the consolidated balance sheets and derivative gains and losses in the Consolidated Statements of Income:

Fair Value of Derivative Instruments March 31, 2012 and 2011

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Prepaid and other current assets				
Lead hedge forward contracts	\$—	\$9,575	\$ —	\$ —
Foreign currency forward contracts . . .	670	—	112	—
Other assets	30	—	—	—
Total assets	<u>\$700</u>	<u>\$9,575</u>	<u>\$ 112</u>	<u>\$ —</u>
Accrued expenses				
Interest rate swap agreements	\$—	\$ —	\$3,628	\$ —
Lead hedge forward contracts	881	—	—	—
Foreign currency forward contracts . . .	—	2,591	—	—
Other liabilities				
Interest rate swap agreements	—	—	244	5,847
Total liabilities	<u>\$881</u>	<u>\$2,591</u>	<u>\$3,872</u>	<u>\$5,847</u>

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2012

	Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Derivatives Designated as Cash Flow Hedges			
Lead hedge forward contracts	\$ (9,731)	Cost of goods sold	\$ (831)
Foreign currency forward contracts	(152)	Cost of goods sold	(3,882)
Total	<u>\$ (9,883)</u>		<u>\$ (4,713)</u>
Derivatives Not Designated as Hedging Instruments			
		Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss)
Interest rate swap contracts		Other (income) expense, net	\$ (977)
Foreign currency forward contracts		Other (income) expense, net	(106)
Total			<u>\$ (1,083)</u>

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ending March 31, 2011

	Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Derivatives in a Cash Flow Hedging Relationship			
Interest rate swap contracts	\$ (2,835)	Interest expense	\$ (6,698)
Lead hedge forward contracts	15,930	Cost of goods sold	6,417
Foreign currency forward contracts	(4,031)	Cost of goods sold	471
Total	<u>\$ 9,064</u>		<u>\$ 190</u>
Derivatives Not Designated as Hedging Instruments			
		Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss)
Interest rate swap contracts		Charges related to refinancing	\$ (5,847)
Total			<u>\$ (5,847)</u>

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ending March 31, 2010

	Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Derivatives in a Cash Flow Hedging Relationship			
Interest rate swap contracts	\$ (3,141)	Interest expense	\$ (7,059)
Lead hedge forward contracts	9,844	Cost of goods sold	11,973
Foreign currency forward contracts	2,679	Cost of goods sold	428
Total	<u>\$ 9,382</u>		<u>\$ 5,342</u>

13. Income Taxes

Income tax expense is composed of the following:

	Fiscal year ended March 31,		
	2012	2011	2010
Current:			
Federal	\$30,459	\$24,232	\$ 9,000
State	3,778	2,736	(981)
Foreign	16,282	14,114	9,957
Total current	50,519	41,082	17,976
Deferred:			
Federal	(1,609)	(1,358)	4,678
State	(962)	2,010	852
Foreign	(656)	(3,716)	1,445
Total deferred	(3,227)	(3,064)	6,975
Income tax expense	<u>\$47,292</u>	<u>\$38,018</u>	<u>\$24,951</u>

Earnings before income taxes consists of the following:

	Fiscal year ended March 31,		
	2012	2011	2010
United States	\$ 87,597	\$ 57,710	\$37,418
Foreign	103,662	93,734	49,837
Earnings before income taxes	<u>\$191,259</u>	<u>\$151,444</u>	<u>\$87,255</u>

Income taxes paid by the Company for the fiscal years ended March 31, 2012, 2011 and 2010 were \$38,482, \$41,800 and \$22,553, respectively.

The following table sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities:

	March 31,	
	2012	2011
Deferred tax assets:		
Accounts receivable	\$ 1,111	\$ 1,304
Inventories	6,707	6,669
Net operating loss carryforwards	71,773	78,236
Accrued liabilities	26,997	22,061
Other assets	10,228	9,200
Gross deferred tax assets	116,816	117,470
Less valuation allowance	(56,359)	(63,617)
Total deferred tax assets	60,457	53,853
Deferred tax liabilities:		
Property, plant and equipment	30,957	31,945
Other intangible assets	46,628	43,440
Convertible Notes	21,616	20,727
Other liabilities	2,400	4,992
Total deferred tax liabilities	101,601	101,104
Net deferred tax liabilities	<u>\$ (41,144)</u>	<u>\$ (47,251)</u>

The Company has approximately \$11,139 in United States federal net operating loss carryforwards, approximately \$3,375 of which are limited by Section 382 of the Internal Revenue Code, that begin to expire in the year ending 2023. The Company has approximately \$235,000 of net operating loss carryforwards at March 31, 2012 that relate to the Company's foreign subsidiaries. Some of these net operating loss carryforwards have an unlimited life, while others expire at various times over the next 20 years. In addition, the Company also had approximately \$45,559 of net operating loss carryforwards for state tax purposes that expire at various times over the next 20 years.

The Company has recorded a valuation allowance against certain federal net operating losses that are limited by Section 382. As of March 31, 2012 and 2011 these valuation allowances were \$793 and \$5,432, respectively. Of the decrease, \$2,477 was recorded as a tax benefit primarily as a result of increasing the ownership in a domestic joint venture, and \$2,162 was offset by a corresponding decrease to the net operating loss deferred tax asset due to the statutory limit on net operating loss usage pursuant to Section 382. The Company has also recorded a valuation allowance for net deferred tax assets in certain foreign and state tax jurisdictions, primarily related to net operating loss carryforwards, due to the significant losses incurred in these tax jurisdictions. As of March 31, 2012 and 2011 the valuation allowance associated with certain foreign tax jurisdictions was \$53,206 and \$55,738, respectively. As of March 31, 2012 and 2011 the valuation allowance associated with the state tax jurisdictions was \$2,360 and \$2,447, respectively. During the fiscal years ended March 31, 2012 and 2011, the Company recorded tax benefits of \$2,940 and \$2,498, respectively, due to the utilization of net operating loss carryforwards in certain foreign subsidiaries.

A reconciliation of income taxes at the statutory rate to the income tax provision is as follows:

	Fiscal year ended March 31,		
	2012	2011	2010
United States statutory income tax expense (at 35%)	\$ 66,962	\$ 53,005	\$30,539
Increase (decrease) resulting from:			
State income taxes, net of federal effect	1,592	3,035	(116)
Nondeductible expenses, domestic manufacturing deduction and other	1,587	(1,848)	3,799
Effect of foreign operations	(20,028)	(14,841)	(9,253)
Valuation allowance	(2,821)	(1,333)	(18)
Income tax expense	<u>\$ 47,292</u>	<u>\$ 38,018</u>	<u>\$24,951</u>

The effective income tax rate was 24.7% in fiscal 2012, compared to 25.1% in fiscal 2011 and 28.6% in fiscal 2010.

At March 31, 2012, the Company has not recorded United States income or foreign withholding taxes on approximately \$494,000 of undistributed earnings of foreign subsidiaries that could be subject to taxation if remitted to the United States because the Company currently plans to keep these amounts permanently invested overseas. It is not practical to calculate the income tax expense that would result upon repatriation of these earnings.

The Company recognizes and measures uncertain tax positions taken, or expected to be taken, in a tax return in accordance with FASB guidance on accounting for uncertainty in income taxes.

A reconciliation of the beginning and ending amount of unrecognized tax benefits under FASB guidance is as follows:

March 31, 2009	\$13,305
Increases related to current year tax positions	919
Increases related to prior year tax positions due to foreign currency translation ..	5
Decreases related to prior year tax position settled	(2,940)
Lapse of statute of limitations	(539)
March 31, 2010	10,750
Increases related to current year tax positions	2,896
Increases related to prior year tax positions	324
Increases related to prior year tax positions due to foreign currency translation ..	122
Decreases related to prior year tax position settled	(3,145)
Lapse of statute of limitations	(302)
March 31, 2011	10,645
Increases related to current year tax positions	5,032
Increases related to prior year tax positions	182
Increases related to prior year tax positions due to foreign currency translation ..	(28)
Decreases related to prior year tax position settled	—
Lapse of statute of limitations	(2,886)
March 31, 2012	<u>\$12,945</u>

All of the balance of unrecognized tax benefits at March 31, 2012 and 2011, if recognized, would be included in the Company's consolidated statements of income and have a favorable impact on both the company's statements of income and effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2006.

The Company anticipates that it is reasonably possible that a portion of the March 31, 2012 balance of the unrecognized tax benefits could be recognized within the next twelve months due to the expiration of the relevant statutes of limitations. An estimate of the range of the adjustments cannot be made at this time.

The Company recognizes tax related interest and penalties in income tax expense in its consolidated statements of income. As of March 31, 2012 and 2011, the Company had an accrual of \$575 and \$675, respectively, for interest and penalties.

14. Retirement Plans

Defined Benefit Plans

The Company provides retirement benefits to substantially all eligible salaried and hourly employees. The Company uses a measurement date of March 31 for its pension plans.

Net periodic pension cost for fiscal 2012, 2011, and 2010, includes the following components:

	United States Plans			International Plans		
	Fiscal Year Ended March 31,			Fiscal Year Ended March 31,		
	2012	2011	2010	2012	2011	2010
Service cost	\$ 285	\$ 250	\$ 224	\$ 645	\$ 603	\$ 621
Interest cost	668	646	635	2,504	2,503	2,520
Expected return on plan assets	(706)	(624)	(491)	(1,787)	(1,615)	(1,256)
Amortization and deferral	238	248	458	32	53	(43)
Net periodic benefit cost	<u>\$ 485</u>	<u>\$ 520</u>	<u>\$ 826</u>	<u>\$ 1,394</u>	<u>\$ 1,544</u>	<u>\$ 1,842</u>

The following table sets forth a reconciliation of the related benefit obligation, plan assets, and accrued benefit costs related to the pension benefits provided by the Company for those employees covered by defined benefit plans:

	United States Plans		International Plans	
	March 31,		March 31,	
	2012	2011	2012	2011
Change in projected benefit obligation				
Benefit obligation at the beginning of the period	\$11,903	\$10,992	\$48,881	\$46,851
Service cost	285	250	645	603
Interest cost	668	646	2,504	2,503
Benefits paid, inclusive of plan expenses	(615)	(581)	(1,709)	(1,481)
Plan settlements	—	—	(40)	—
Plan amendments	—	108	—	817
Plan combinations (including newly material plans)	—	—	—	337
Experience (gain) loss	1,799	488	5,442	(3,366)
Foreign currency translation adjustment	—	—	(1,828)	2,617
Benefit obligation at the end of the period	<u>\$14,040</u>	<u>\$11,903</u>	<u>\$53,895</u>	<u>\$48,881</u>

	United States Plans		International Plans	
	March 31,		March 31,	
	2012	2011	2012	2011
Change in plan assets				
Fair value of plan assets at the beginning of the period	\$ 8,746	\$ 7,859	\$ 25,779	\$ 22,712
Actual return on plan assets	420	1,102	1,555	1,751
Employer contributions	641	366	1,505	1,424
Benefits paid, inclusive of plan expenses	(615)	(581)	(1,709)	(1,481)
Plan settlements	—	—	(40)	—
Foreign currency translation adjustments	—	—	(148)	1,373
Fair value of plan assets at the end of the period	<u>\$ 9,192</u>	<u>\$ 8,746</u>	<u>\$ 26,942</u>	<u>\$ 25,779</u>
Funded status deficit	<u>\$(4,848)</u>	<u>\$(3,157)</u>	<u>\$(26,953)</u>	<u>\$(23,102)</u>

	March 31,	
	2012	2011
Amounts recognized in the consolidated balance sheets consist of:		
Other assets	\$ 260	\$ 2,513
Accrued expenses	(1,309)	(1,369)
Other liabilities	(30,752)	(27,403)
	<u>\$(31,801)</u>	<u>\$(26,259)</u>

The following table represents pension components (before tax) and related changes (net of tax) recognized in AOCI for the Company's pension plans for the years ended March 31, 2012, 2011 and 2010:

	March 31,		
	2012	2011	2010
Amounts recorded in AOCI before taxes:			
Prior service credit (cost)	\$ (922)	\$(1,054)	\$ (132)
Net gain (loss)	(11,176)	(3,712)	(7,344)
Net amount recognized	<u>\$(12,098)</u>	<u>\$(4,766)</u>	<u>\$(7,476)</u>

	March 31,		
	2012	2011	2010
Changes in plan assets and benefit obligations:			
New prior service cost	\$ —	\$ 905	\$ —
Net loss /(gain) arising during the year	7,757	(3,505)	753
Effect of exchange rates on amounts included in AOCI	(176)	151	40
Amounts recognized as a component of net periodic benefit costs:			
Amortization or curtailment recognition of prior service credit / (cost)	(83)	(62)	(142)
Amortization or settlement recognition of net gain/(loss)	(187)	(250)	(333)
Total recognized in other comprehensive income	<u>\$7,311</u>	<u>\$(2,761)</u>	<u>\$ 318</u>

The amounts included in AOCI as of March 31, 2012 that are expected to be recognized as components of net periodic pension cost during the fiscal year ended March 31, 2013 are as follows:

Net loss	\$ (81)
Net prior service cost	(534)
Net amount expected to be recognized	<u>\$(615)</u>

The accumulated benefit obligation related to all defined benefit pension plans and information related to unfunded and underfunded defined benefit pension plans at the end of each year follows:

	United States Plans		International Plans	
	March 31,		March 31,	
	2012	2011	2012	2011
All defined benefit plans:				
Accumulated benefit obligation	\$14,040	\$11,903	\$50,416	\$46,225
Unfunded defined benefit plans:				
Projected benefit obligation	—	—	26,892	25,533
Accumulated benefit obligation	—	—	25,508	24,413
Defined benefit plans with an accumulated benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	14,040	11,903	28,003	25,560
Accumulated benefit obligation	14,040	11,903	26,445	24,440
Fair value of plan assets	9,192	8,746	789	—

Assumptions

Significant assumptions used to determine the net periodic benefit cost for the US and International plans were as follows:

	United States Plans			International Plans		
	March 31,			March 31,		
	2012	2011	2010	2012	2011	2010
Discount rate	5.7%	6.0%	6.5%	4.0-5.5%	4.3-6.0%	3.8-6.0%
Expected return on plan assets	8.0	8.0	8.0	5.5-7.0	5.5-7.0	5.5-7.0
Rate of compensation increase	N/A	N/A	N/A	2.0-4.0	2.0-3.5	2.0-3.5

Significant assumptions used to determine the projected benefit obligations for the US and International plans were as follows:

	United States Plans		International Plans	
	March 31,		March 31,	
	2012	2011	2012	2011
Discount rate	4.8%	5.7%	2.5-5.5%	4.0-5.5%
Expected return on plan assets	8.0	8.0	5.5-7.0	5.5-7.0
Rate of compensation increase	N/A	N/A	2.0-4.0	2.0-4.0

N/A = not applicable

The United States plans do not include compensation in the formula for determining the pension benefit as it is based solely on years of service.

The expected long-term rate of return for the Company's pension plan assets is based upon the target asset allocation and is determined using forward looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. The Company evaluates the rate of return assumptions for each of its plans on an annual basis.

Pension Plan Investment Strategy

The Company's investment policy emphasizes a balanced approach to investing in securities of high quality and ready marketability. Investment flexibility is encouraged so as not to exclude opportunities available through a diversified investment strategy.

Equity investments are maintained within a target range of 50%-70% of the total portfolio market value. Investments in debt securities include issues of various maturities, and the average quality rating of bonds should be investment grade with a minimum quality rating of "B" at the time of purchase.

The Company periodically reviews the asset allocation of its portfolio. The proportion committed to equities, debt securities and cash and cash equivalents is a function of the values available in each category and risk considerations. The plan's overall return will be compared to and expected to meet or exceed established benchmark funds and returns over a three to five year period.

The objectives of the Company's investment strategies are: (a) the achievement of a reasonable long-term rate of total return consistent with an emphasis on preservation of capital and purchasing power, (b) stability of annual returns through a portfolio risk level, which is appropriate to conservative accounts, and (c) reflective of the Company's willingness to forgo significantly above-average rewards in order to minimize above-average risks. These objectives may not be met each year but should be attained over a reasonable period of time.

In connection with a past acquisition, the Company had assumed defined benefit plans in Germany and France. These plans have no assets, while their benefit obligations were \$22,874 and \$21,706 as of March 31, 2012 and 2011, respectively. Other salary and hourly employees are provided benefits in accordance with governmental regulatory requirements.

The following table represents our pension plan investments measured at fair value as of March 31, 2012 and 2011 and the basis for that measurement:

March 31, 2012								
United States Plans					International Plans			
Asset Category:	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 868	\$ 868	\$—	\$—	\$ —	\$ —	\$—	\$—
Equity Securities								
US ^(a)	5,067	5,067	—	—	2,742	2,742	—	—
International ^(b) . .	837	837	—	—	14,728	14,728	—	—
Fixed Income^(c)	2,420	2,420	—	—	9,472	9,472	—	—
Total	<u>\$9,192</u>	<u>\$9,192</u>	<u>\$—</u>	<u>\$—</u>	<u>\$26,942</u>	<u>\$26,942</u>	<u>\$—</u>	<u>\$—</u>

March 31, 2011								
United States Plans					International Plans			
Asset Category:	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 528	\$ 528	\$—	\$—	\$ —	\$ —	\$—	\$—
Equity Securities								
US ^(a)	4,839	4,839	—	—	2,521	2,521	—	—
International ^(b) . .	840	840	—	—	13,600	13,600	—	—
Fixed Income^(c)	2,539	2,539	—	—	9,658	9,658	—	—
Total	<u>\$8,746</u>	<u>\$8,746</u>	<u>\$—</u>	<u>\$—</u>	<u>\$25,779</u>	<u>\$25,779</u>	<u>\$—</u>	<u>\$—</u>

The fair values presented above were determined based on valuation techniques categorized as follows:

- Level one: The use of unadjusted quoted prices in active markets for identical instruments.
 - Level two: The use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or other inputs that are observable in the market or can be corroborated by observable market data.
 - Level three: The use of significant unobservable inputs and that typically require the use of management's estimates of assumptions that market participants would use in pricing.
- (a) US equities include companies that are well diversified by industry sector and equity style (i.e., growth and value strategies). Active and passive management strategies are employed. Investments are primarily in large capitalization stocks and, to a lesser extent, mid- and small-cap stocks.
- (b) International equities are invested in companies that are traded on exchanges outside the U.S. and are well diversified by industry sector, country and equity style. Active and passive strategies are

employed. The vast majority of the investments are made in companies in developed markets with a small percentage in emerging markets.

- (c) Fixed income consists primarily of investment grade bonds from diversified industries.

The Company expects to make cash contributions of approximately \$2,571 to its pension plans in fiscal year 2013.

Estimated future benefit payments under the Company's pension plans are as follows:

	<u>Pension Benefits</u>
2013	\$ 2,173
2014	2,319
2015	2,445
2016	2,674
2017	2,993
Years 2018-2022	17,281

Defined Contribution Plan

Effective January 1, 2004, the Company amended its Defined Contribution Plan (the "401(k) Plan"). The amended 401(k) Plan covers substantially all U.S. salaried and hourly employees except those covered by a union plan. All eligible employees of the amended 401(k) Plan receive a matching contribution of 100% of the first 4% of wages contributed and 50% of the next 2% of wages contributed for a total match of up to 5% by the Company.

Effective February 1, 2009, the Company amended the EnerSys United Kingdom Pension Scheme ("Amended U.K. Plan") that covers substantially all United Kingdom employees, both direct and salaried so that all members with defined benefit plan benefits at that date would be provided with defined contribution plan benefits for future service. The Company pays contributions to fund any accrued liabilities in excess of the assets in the defined benefit section of the Amended U.K. Plan as necessary. Active members of the Amended U.K. Plan as of February 1, 2009 receive a matching contribution from the Company up to 4% of Pensionable Salary and an enhanced Company contribution in excess of this in line with the rules of the plan. New eligible employees of the Amended U.K. Plan receive a matching contribution from the Company up to 5% of pensionable salary, at various rates as provided by the plan.

Employer expenses for the 401(k) plan and the Amended U.K. Plan for the fiscal years ended March 31, 2012, 2011 and 2010 were \$5,146, \$5,025 and \$3,909, respectively.

15. Stockholders' Equity

Preferred Stock and Common Stock

The Company's certificate of incorporation authorizes the issuance of up to 1,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). At March 31, 2012 and 2011, no shares of Preferred Stock were issued or outstanding. The Board of Directors of the Company has the authority to specify the terms of any Preferred Stock at the time of issuance.

The following demonstrates the change in the number of shares of common stock outstanding during fiscal 2012:

Shares outstanding as of March 31, 2011	50,034,353
Repurchase of common shares	(2,646,885)
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	412,661
Shares outstanding as of March 31, 2012	<u>47,800,129</u>

Treasury Stock

In fiscal 2012, the Company purchased 2,646,885 shares of its common stock for \$58,383 from institutional shareholders and recorded the same as treasury stock. Treasury stock as of March 31, 2012 and 2011 was \$78,183 and \$19,800, respectively.

Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income are as follows:

	<u>Beginning Balance</u>	<u>Before-Tax Amount</u>	<u>Tax Benefit (Expense)</u>	<u>Net-of-Tax Amount</u>	<u>Ending Balance</u>
March 31, 2012					
Pension funded status adjustment	\$ (3,512)	\$ (7,311)	\$ 1,841	\$ (5,470)	\$ (8,982)
Unrealized gain (loss) on derivative instruments	4,436	(5,170)	1,909	(3,261)	1,175
Foreign currency translation adjustment	114,256	(32,356)	—	(32,356)	81,900
Accumulated other comprehensive income	<u>\$115,180</u>	<u>\$(44,837)</u>	<u>\$ 3,750</u>	<u>\$(41,087)</u>	<u>\$ 74,093</u>
March 31, 2011					
Pension funded status adjustment	\$ (5,479)	\$ 2,761	\$ (794)	\$ 1,967	\$ (3,512)
Unrealized gain (loss) on derivative instruments	(5,034)	14,721	(5,251)	9,470	4,436
Foreign currency translation adjustment	77,717	36,539	—	36,539	114,256
Accumulated other comprehensive income	<u>\$ 67,204</u>	<u>\$ 54,021</u>	<u>\$(6,045)</u>	<u>\$ 47,976</u>	<u>\$115,180</u>
March 31, 2010					
Pension funded status adjustment	\$ (4,794)	\$ (318)	\$ (367)	\$ (685)	\$ (5,479)
Unrealized gain (loss) on derivative instruments	(7,660)	4,047	(1,421)	2,626	(5,034)
Foreign currency translation adjustment	46,509	31,208	—	31,208	77,717
Accumulated other comprehensive income	<u>\$ 34,055</u>	<u>\$ 34,937</u>	<u>\$(1,788)</u>	<u>\$ 33,149</u>	<u>\$ 67,204</u>

16. Secondary Offerings of Common Shares

In fiscal 2011 and 2010, certain of the Company's stockholders sold 2,845,869 and 3,200,000 shares of the Company's common stock pursuant to an effective shelf registration statement filed with the Securities and Exchange Commission on May 19, 2008.

The offered shares were sold by those stockholders of the Company, including affiliates of Metalmark Capital LLC and certain other institutional stockholders. The Company did not receive any proceeds from the common stock offerings; however, under the terms of its securityholder agreement, the Company did incur fees related to the offerings in fiscal 2011 and fiscal 2010 of \$615 and \$150, respectively.

There were no secondary offerings in fiscal 2012.

17. Stock-Based Compensation

As of March 31, 2012, the Company maintains the EnerSys 2010 Equity Incentive Plan ("2010 EIP"). The 2010 EIP reserves 3,177,477 shares of common stock for the grant of various classes of nonqualified stock options, restricted stock units, market share units and other forms of equity-based compensation. Shares subject to any awards that expire without being exercised or that are forfeited or settled in cash shall again be available for future grants of awards under the 2010 EIP. Shares subject to awards that have been retained by the Company in payment or satisfaction of the exercise price and any applicable tax withholding obligation of an award shall not count against the limit described above, and only the number of shares delivered in the settlement of stock appreciation rights shall count against the limit.

At March 31, 2012, 2,872,490 shares are available for future grants. The Company's management equity incentive plans are intended to provide an incentive to employees and non-employee directors of the Company to remain in the service of the Company and to increase their interest in the success of the Company in order to promote the long-term interests of the Company. The plans seek to promote the highest level of performance by providing an economic interest in the long-term performance of the Company. The Company settles employee share-based compensation awards with newly issued shares.

Stock Options

Non-qualified stock options have been granted to employees under the equity incentive plans at prices not less than the fair market value of the shares on the dates the options were granted. Options issued in fiscal 2010 vest over a three-year or six-month period. Options become exercisable in equal installments over the vesting period. No non-qualified stock options were granted in fiscal 2012 or 2011. Options generally expire in 10 years, however options vesting in six months expire in 3 1/2 years.

The weighted average fair value of options granted in fiscal 2010 were \$8.35 and \$5.15, and were determined using the following assumptions:

	<u>2010</u> <u>10 Year Options</u>	<u>2010</u> <u>3.5 Year Options</u>
Exercise price	\$ 16.20	\$ 16.24
Risk-free interest rate	2.01%	0.93%
Dividend yield	0%	0%
Expected life	5years	2years
Expected volatility	56.6%	56.6%
Weighted average fair value	\$ 8.35	\$ 5.15

For fiscal 2012, 2011 and 2010, the Company recognized \$1,092 (\$822 net of taxes), \$2,333 (\$1,844 net of taxes) and \$2,993 (\$2,095 net of taxes), respectively, of stock-based compensation expense associated with the stock option grants.

The following table summarizes the Company's stock option activity in the years indicated:

	Number of Options	Weighted Average Remaining Contract Term (Years)	Weighted Average Exercise Price	Aggregate Intrinsic Value
Options outstanding as of March 31, 2009	2,643,175	4.2	\$16.70	\$ 1,752
Granted	539,506		16.21	—
Exercised	(667,862)		12.22	7,125
Canceled	(83,586)		21.43	522
Options outstanding as of March 31, 2010	2,431,233	4.0	\$17.69	\$19,191
Exercised	(1,415,391)		15.34	18,482
Canceled	(155,063)		29.32	9
Options outstanding as of March 31, 2011	860,779	6.2	\$19.52	\$17,129
Exercised	(227,116)		15.82	3,691
Options outstanding as of March 31, 2012	633,663	6.1	\$20.85	\$ 8,879
Options exercisable as of March 31, 2012	523,626	5.9	\$21.82	\$ 6,826
Options expected to vest after March 31, 2012	110,037	7.1	\$16.20	\$ 2,053

The following table summarizes information regarding stock options outstanding and exercisable at March 31, 2012:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$10.01-15.00	65,954	3.1	\$14.12	65,954	\$14.12
\$15.01-20.00	361,661	6.6	16.75	251,624	16.99
Over \$20.00	206,048	6.1	30.19	206,048	30.19
	<u>633,663</u>	<u>6.1</u>	<u>\$20.85</u>	<u>523,626</u>	<u>\$21.82</u>

A summary of the status of the Company's non-vested options as of March 31, 2012, and changes during the year ended March 31, 2012, is presented below:

	Number of Options	Weighted Average Grant-Date Fair Value
Nonvested at March 31, 2011	357,903	\$8.70
Vested	(247,866)	9.06
Nonvested at March 31, 2012	<u>110,037</u>	<u>\$7.87</u>

Restricted Stock Units and Market Share Units

In fiscal 2012, the Company granted to non-employee directors 35,632 deferred restricted stock units at the market price of \$22.45 per restricted stock unit at the date of grant. The fiscal 2012 non-employee director awards vested immediately upon the date of grant and the payment of shares of common stock under this grant are payable upon such director's termination of service as a director. In fiscal 2011, the Company granted to non-employee directors 21,248 restricted stock units at the market price of \$22.59 per restricted stock unit at the date of grant. The fiscal 2011 non-employee director awards vested thirteen months following the date of grant.

In fiscal 2012, the Company granted to management and other key employees 95,026 restricted stock units at the market price on that date of \$35.79 per share and 224,397 market share units at the fair market value on that date of \$48.36 per share. Restricted stock units are granted at the market price of the Company's common

stock on the date of grant and vest and are settled in common stock 25% per year over a four-year period from the date of grant. Also, in fiscal 2012, the Company granted 9,340 restricted stock units, at various fair values, under deferred compensation plans.

Market share units are granted at fair value on the date of grant and vest and are settled in common stock on the third anniversary of the date of grant. Market share units are converted into between zero and two shares of common stock for each unit granted at the end of a three-year performance cycle. The conversion ratio is calculated by dividing the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the vesting date by the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the grant date, with the resulting quotient capped at two. This quotient is then multiplied by the number of market share units granted to yield the number of shares of common stock to be delivered on the vesting date. The fair value of the market share units granted in fiscal 2012 was estimated at the date of grant using a binomial lattice model with the following assumptions: a risk-free interest rate of 0.93%, dividend yield of zero, time to maturity of 3 years and expected volatility of 45.5%.

In fiscal 2011, the Company granted to management and other key employees 291,701 restricted stock units at the market price on that date of \$25.67 per share and 124,091 market share units at the fair market value on that date of \$34.45 per share. These restricted stock units are granted at the fair market value of the Company's common stock on the date of grant and vest 25% per year over a four-year period from the date of grant. The fair value of the market share units granted in fiscal 2011 was estimated at the date of grant using a binomial lattice model with the following assumptions: a risk-free interest rate of 1.30%, dividend yield of zero, time to maturity of 3 years and expected volatility of 43.0%.

A summary of the changes in restricted stock units and market share units awarded to employees and directors that were outstanding under the Company's equity compensation plans during fiscal 2012 is presented below:

	Restricted Stock Units (RSU) / Market Share Units (MSU)	
	Number of RSU and MSU	Weighted Average Grant Date Fair Value
Non-vested awards as of March 31, 2011	865,392	\$23.97
Granted	364,395	40.76
Vested	(259,151)	22.28
Canceled	(6,833)	11.49
Non-vested awards as of March 31, 2012	<u>963,803</u>	<u>\$30.84</u>

The Company recognized equity-based compensation expense related to the vesting of restricted stock units and market share units of approximately \$10,493, with a related tax benefit of \$2,599 for fiscal 2012, \$6,723, with a related tax benefit of \$1,659 for fiscal 2011 and \$3,968, with a related tax benefit of \$1,190 for fiscal 2010.

All Award Plans

As of March 31, 2012, unrecognized compensation expense associated with the non-vested incentive awards outstanding was \$18,451 and is expected to be recognized over a weighted average period of nineteen months.

18. Earnings Per Share

The following table sets forth the reconciliation from basic to diluted average common shares and the calculations of net earnings per common share.

	March 31,		
	2012	2011	2010
Net earnings attributable to EnerSys stockholders	\$ 144,003	\$ 113,426	\$ 62,304
Average common shares:			
Basic (weighted-average outstanding shares)	48,748,205	49,376,132	48,122,207
Dilutive potential common shares from exercise and lapse of equity awards, net of shares assumed reacquired	467,830	668,114	711,888
Diluted (weighted-average outstanding shares)	49,216,035	50,044,246	48,834,095
Basic earnings per common share attributable to EnerSys stockholders	\$ 2.95	\$ 2.30	\$ 1.29
Diluted earnings per common share attributable to EnerSys stockholders	\$ 2.93	\$ 2.27	\$ 1.28
Anti-dilutive equity awards not included in weighted average common shares—diluted	221,097	—	383,696

The aggregate number of shares that the Company could be obligated to issue upon conversion of its \$172,500 Convertible Notes which the Company issued in May 2008, is approximately 4,248,761. It is the Company's current intent to settle the principal amount of any conversions in cash, and any additional conversion consideration in cash, shares of EnerSys common stock or a combination of cash and shares. No contingent shares were included in diluted shares outstanding during fiscal 2012, 2011 and 2010, as the specified conversion price exceeded the average market price of the Company's common stock, and the inclusion of contingent shares would have been anti-dilutive.

19. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

The Company is involved in litigation incidental to the conduct of its business, the results of which, in the opinion of management, are not likely to be material to the Company's financial condition, results of operations, or cash flows.

In fiscal 2009, the Court of Commerce in Lyon, France ruled that the Company's French subsidiary, EnerSys Sarl, which was acquired by the Company in 2002, was partially responsible for a 1999 fire in a French hotel under construction. The Company's portion of damages was assessed at €2,700 or \$4,200 which was duly recorded and paid by the Company, but the ruling was appealed. In a subsequent ruling by the Court of Appeal of Lyon, France, the portion of damages was reduced, entitling the Company to a refund of the monies paid of €671 or \$900 which has been recorded and collected in the second quarter of fiscal 2012. The Company further appealed the ruling to the French Supreme Court, which on March 14, 2012, ruled in the Company's favor and ordered the case back to the Court of Appeal of Lyon to further review certain aspects of the original decision in the case, including the assessment of damages.

Environmental Issues

As a result of its operations, the Company is subject to various federal, state and local, as well as international environmental laws and regulations and is exposed to the costs and risks of registering, handling, processing, storing, transporting, and disposing of hazardous substances, especially lead and acid. The

Company's operations are also subject to federal, state, local and international occupational safety and health regulations, including laws and regulations relating to exposure to lead in the workplace.

The Company is responsible for certain cleanup obligations at the former Yuasa battery facility in Sumter, South Carolina that predates its ownership of this facility. This manufacturing facility was closed in 2001 and is separate from the Company's current metal fabrication facility in Sumter. The Company has established a reserve for this facility. As of March 31, 2012 and 2011, the reserves related to this facility totaled \$2,995 and \$3,279, respectively. Based on current information, the Company's management believes these reserves are adequate to satisfy the Company's environmental liabilities at this facility.

In September 2011, the Company's facility in Jiangsu Province, China, was closed by government authorities for an environmental review. After completion of the review, the government authorities allowed the plant to reopen in November 2011 on a conditional basis, with the understanding that the Company would work with the assistance of the government agencies, to relocate to a more preferable location.

Collective Bargaining

At March 31, 2012, the Company had approximately 9,200 employees. Of these employees, approximately 40% were covered by collective bargaining agreements. The average term of these agreements is two years, with the longest term being four years. These agreements expire over the period from calendar years 2012 to 2014.

Lead Contracts

To stabilize its costs, the Company has entered into contracts with financial institutions to fix the price of lead. The vast majority of such contracts are for a period not extending beyond one year. Under these contracts, at March 31, 2012 and 2011, the Company hedged the price to purchase approximately 60.0 million and 63.4 million pounds of lead, respectively, for a total purchase price of \$56,610 and \$68,212, respectively.

Foreign Currency Forward Contracts

The Company quantifies and monitors its global foreign currency exposures. On a selective basis the Company will enter into foreign currency forward and option contracts to reduce the volatility from currency movements that affect the Company. The maturity period of these contracts is less than one year. The Company's largest exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, the Company has currency exposures from intercompany and third party trade transactions. To hedge these exposures, the Company has entered into a total of \$53,531 and \$82,829, respectively, of foreign currency forward contracts with financial institutions as of March 31, 2012 and 2011.

Interest Rate Swap Agreements

The Company is exposed to changes in variable U.S. interest rates on borrowings under its credit agreements. On a selective basis, from time to time, the Company enters into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on its outstanding variable rate debt. At March 31, 2012 and March 31, 2011, such agreements, which expire between February 2013 and May 2013, converted \$85,000 of variable-rate debt to a fixed-rate basis, utilizing the three-month LIBOR, as a floating rate reference. Fluctuations in LIBOR and fixed rates affect both the Company's net financial investment position and the amount of cash to be paid or received under these agreements.

20. Restructuring Plans

The Company has acquisition related restructuring plans and non-acquisition related restructuring plans and bases its restructuring accounting and disclosures on the applicable accounting guidance. As a result, charges to net earnings were made in the periods in which restructuring plan liabilities were incurred.

Acquisition related restructuring plan

In fiscal 2010, the Company acquired the stock of OEB Traction Batteries and certain operating assets and liabilities of the reserve power battery business of Accu Holding AG and its Swedish sales subsidiary (all collectively referred to as “Oerlikon”). The Company completed the process of closing the two manufacturing facilities of Oerlikon during the third quarter of fiscal 2011, which resulted in the reduction of approximately 100 employees. The Company recorded restructuring charges related to this plan of \$4,526 in fiscal 2010 through fiscal 2012. This plan has been completed as of March 31, 2012.

A roll-forward of the acquisition related restructuring reserve is as follows:

	<u>Employee Severance</u>	<u>Plant Closure and Other</u>	<u>Total</u>
Balance at March 31, 2009	\$ —	\$ —	\$ —
Accrued	1,269	—	1,269
Costs incurred	—	—	—
Foreign currency impact and other	23	—	23
Balance at March 31, 2010	\$ 1,292	\$ —	\$ 1,292
Accrued	108	2,438	2,546
Costs incurred	(1,107)	(2,313)	(3,420)
Foreign currency impact and other	(36)	21	(15)
Balance at March 31, 2011	\$ 257	\$ 146	\$ 403
Accrued	81	630	711
Costs incurred	(338)	(776)	(1,114)
Balance at March 31, 2012	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Non-acquisition related restructuring plans

In February and May 2009, the Company announced a plan to restructure certain of its European and American operations, which resulted in a reduction of approximately 470 employees upon completion across its operations. These actions were primarily in Europe and included charges for employee-related severance payments and asset impairments, the most significant of which was the closure of its leased Italian manufacturing facility and the opening of a new Italian distribution center. The Company recorded restructuring charges of \$31,894 in fiscal 2009 through fiscal 2011, with \$105 of additional charges offset by a favorable accrual adjustment of \$246 during fiscal 2012. The Company incurred \$2,270 of costs against the accrual during fiscal 2012. This plan has been completed as of March 31, 2012.

During fiscal 2011, the Company announced a further restructuring of its European operations, which will result in the reduction of approximately 60 employees upon completion across its operations. The Company estimates that the total charges for these actions will amount to approximately \$5,200, primarily from cash expenses for employee severance-related payments and site closure costs. Based on commitments incurred to date, the Company recorded restructuring charges of \$3,830 in fiscal 2011, with \$1,783 of additional charges, offset by a favorable accrual adjustment of \$435 related to the fiscal 2011 plan recorded in fiscal 2012. The Company incurred \$1,316 of costs against the accrual during fiscal 2011, with an additional \$3,263 of costs incurred during fiscal 2012. As of March 31, 2012, the reserve balance associated with these actions is \$556. The Company does not expect to be committed to significant additional restructuring charges in fiscal 2013 related to these actions.

During fiscal 2012, the Company announced restructuring plans related to its operations in Europe, primarily consisting of the transfer of manufacturing of select products between certain of its manufacturing operations and restructuring of its selling, general and administrative operations, which is expected to result in the reduction of approximately 80 employees upon completion. The Company estimates that the total charges for

these actions will amount to approximately \$4,200, primarily from cash expenses for employee severance-related payments. During fiscal 2012, the Company recorded restructuring charges of \$3,070 and incurred \$2,433 of costs against the accrual. As of March 31, 2012, the reserve balance associated with these actions is \$630. The Company expects to be committed to an additional \$1,100 of restructuring charges in fiscal 2013 related to these actions.

A roll-forward of the non-acquisition related restructuring reserve is as follows:

	Employee Severance	Plant Closure and Other	Total
Balance at March 31, 2009	\$ 10,289	\$ —	\$ 10,289
Accrued	10,107	2,263	12,370
Costs incurred	(13,276)	(2,263)	(15,539)
Foreign currency impact and other	362	—	362
Balance at March 31, 2010	\$ 7,482	\$ —	\$ 7,482
Accrued	4,267	—	4,267
Costs incurred	(6,945)	—	(6,945)
Foreign currency impact and other	116	—	116
Balance at March 31, 2011	\$ 4,920	\$ —	\$ 4,920
Accrual adjustment	(681)	—	(681)
Accrued	4,958	—	4,958
Costs incurred	(7,966)	—	(7,966)
Foreign currency impact and other	(45)	—	(45)
Balance at March 31, 2012	<u>\$ 1,186</u>	<u>\$ —</u>	<u>\$ 1,186</u>

21. Warranty

The Company provides for estimated product warranty expenses when the related products are sold and are included within accrued expenses and other liabilities. Because warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, claims costs may differ from amounts provided. An analysis of changes in the liability for product warranties is as follows:

Balance at March 31, 2009	\$ 30,914
Current year provisions	13,123
Costs incurred	(13,283)
Foreign exchange and other	985
Balance at March 31, 2010	\$ 31,739
Current year provisions	20,565
Costs incurred	(17,499)
Foreign exchange and other	1,201
Balance at March 31, 2011	\$ 36,006
Current year provisions	26,841
Costs incurred	(20,185)
Foreign exchange and other	(595)
Balance at March 31, 2012	<u>\$ 42,067</u>

22. Other (Income) Expense, Net and Charges Related to Refinancing

Other (income) expense, net consists of the following:

	Fiscal Years Ended March 31,		
	2012	2011	2010
Foreign exchange transaction losses	\$1,483	\$ 732	\$3,045
Secondary offering fees	—	615	150
Other	1,585	830	1,189
Total	<u>\$3,068</u>	<u>\$2,177</u>	<u>\$4,384</u>

Charges related to refinancing:

	Fiscal Years Ended March 31,		
	2012	2011	2010
Charges related to refinancing	<u>\$—</u>	<u>\$8,155</u>	<u>\$—</u>

In fiscal 2011, the Company incurred charges of \$8,155 in connection with the refinancing of the Company's previous credit facility. These charges included \$2,308 in write offs of deferred financing fees and \$5,847 of losses from discontinuing hedge accounting for the interest rate swap agreements.

23. Operations by Industry Segment and Geographic Area

The Company has three reportable business segments based on geographic regions, defined as follows:

- **Americas**, which includes North and South America, with segment headquarters in Reading, Pennsylvania, USA,
- **Europe**, which includes Europe, the Middle East and Africa, with segment headquarters in Zurich, Switzerland, and
- **Asia**, which includes Asia, Australia and Oceania, with segment headquarters in Singapore.

Summarized financial information related to the Company's business segments at March 31, 2012, 2011 and 2010 and for each of the fiscal years then ended is shown below.

	Fiscal Years Ended March 31,		
	2012	2011	2010
Net sales by segment to unaffiliated customers			
Europe	\$ 995,431	\$ 890,313	\$ 741,975
Americas	1,082,747	896,629	700,297
Asia	205,191	177,520	137,113
Total net sales	<u>\$2,283,369</u>	<u>\$1,964,462</u>	<u>\$1,579,385</u>
Net sales by product line			
Reserve power	\$1,092,734	\$ 970,480	\$ 820,526
Motive power	1,190,635	993,982	758,859
Total net sales	<u>\$2,283,369</u>	<u>\$1,964,462</u>	<u>\$1,579,385</u>
Intersegment sales			
Europe	\$ 75,652	\$ 55,586	\$ 37,449
Americas	38,115	42,141	24,848
Asia	21,182	21,349	13,237
Total intersegment sales ⁽¹⁾	<u>\$ 134,949</u>	<u>\$ 119,076</u>	<u>\$ 75,534</u>
Operating earnings			
Europe	\$ 63,872	\$ 55,643	\$ 17,649
Americas	138,894	124,515	87,156
Asia	12,133	10,469	20,502
Legal proceedings settlement income (Europe)	900	—	—
Restructuring charges (Europe)	(4,988)	(6,813)	(13,212)
Restructuring charges (Americas)	—	—	(717)
Bargain purchase gain (Europe)	—	—	2,919
Total operating earnings ⁽²⁾	<u>\$ 210,811</u>	<u>\$ 183,814</u>	<u>\$ 114,297</u>
Property, plant and equipment, net			
Europe	\$ 161,854	\$ 169,056	\$ 156,953
Americas	144,701	142,263	138,217
Asia	46,660	33,066	19,971
Total	<u>\$ 353,215</u>	<u>\$ 344,385</u>	<u>\$ 315,141</u>
Capital Expenditures			
Europe	\$ 21,631	\$ 22,034	\$ 20,624
Americas	20,862	22,368	21,089
Asia	6,450	15,538	3,398
Total	<u>\$ 48,943</u>	<u>\$ 59,940</u>	<u>\$ 45,111</u>
Depreciation and Amortization			
Europe	\$ 25,451	\$ 21,564	\$ 22,348
Americas	21,466	19,842	19,189
Asia	3,443	2,987	3,314
Total	<u>\$ 50,360</u>	<u>\$ 44,393</u>	<u>\$ 44,851</u>

(1) Intersegment sales are presented on a cost plus basis which takes into consideration the effect of transfer prices between legal entities.

(2) The Company does not allocate interest expense or other (income) expense to the reportable segments.

The Company markets its products and services in over 100 countries. Sales are attributed to countries based on the location of sale approval and acceptance. Sales to customers in the United States were 42.6%, 41.3% and 40.4% for fiscal years ended March 31, 2012, 2011 and 2010, respectively. No single country, outside the United States, exceeded 10% of consolidated net sales, and therefore deemed not material for separate disclosure.

24. Quarterly Financial Data (Unaudited)

The Company reports interim financial information for 13-week periods, except for the first quarter, which always begins on April 1, and the fourth quarter, which always ends on March 31. The four quarters in fiscal 2012 ended on July 3, 2011, October 2, 2011, January 1, 2012, and March 31, 2012, respectively. The four quarters in fiscal 2011 ended on July 4, 2010, October 3, 2010, January 2, 2011, and March 31, 2011, respectively.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Fiscal Year</u>
Fiscal year ended March 31, 2012					
Net sales	\$569,229	\$547,140	\$574,246	\$592,754	\$2,283,369
Gross profit	121,971	114,395	130,876	145,463	512,705
Operating earnings ⁽¹⁾	48,715	42,440	53,777	65,879	210,811
Net earnings	33,496	28,289	36,859	45,323	143,967
Net earnings attributable to EnerSys stockholders	33,496	28,289	36,859	45,359	144,003
Net earnings per common share attributable to EnerSys stockholders—basic	\$ 0.67	\$ 0.57	\$ 0.77	\$ 0.95	\$ 2.95
Net earnings per common share attributable to EnerSys stockholders—diluted	\$ 0.66	\$ 0.57	\$ 0.77	\$ 0.94	\$ 2.93
Fiscal year ended March 31, 2011					
Net sales	\$434,969	\$472,843	\$508,596	\$548,054	\$1,964,462
Gross profit	96,614	110,721	117,900	124,609	449,844
Operating earnings ⁽²⁾	37,480	44,496	48,320	53,518	183,814
Net earnings ⁽³⁾	23,027	26,549	33,759	30,091	113,426
Net earnings attributable to EnerSys stockholders	23,027	26,549	33,759	30,091	113,426
Net earnings per common share attributable to EnerSys stockholders—basic	\$ 0.47	\$ 0.54	\$ 0.68	\$ 0.60	\$ 2.30
Net earnings per common share attributable to EnerSys stockholders—diluted	\$ 0.47	\$ 0.53	\$ 0.67	\$ 0.59	\$ 2.27

- (1) Included in Operating earnings were restructuring charges of \$410, \$902, \$1,440 and \$2,236 for the first, second, third and fourth quarters of fiscal 2012, respectively. Operating earnings also included a legal proceedings settlement income of \$900, in the second quarter of fiscal 2012.
- (2) Included in Operating earnings were restructuring charges of \$723, \$2,750, \$1,754 and \$1,586 for the first, second, third and fourth quarters of fiscal 2011, respectively.
- (3) Included in Net earnings of fiscal 2011 were charges related to refinancing of \$8,155 in the fourth quarter of fiscal 2011.

25. Subsequent Events

On May 14, 2012, under the Company's 2010 Equity Incentive Plan, the Company granted 223,224 restricted stock units, which vest 25% each year over four years from the date of grant, and 292,123 market share units, which vest three years from the date of grant.

SCHEDULE II

EnerSys
Valuation and Qualifying Accounts
(In Thousands)

	Balance at Beginning of Period	Additions Charged to Expense	Charge-Offs	Purchase accounting adjustments	Other(1)	Balance at End of Period
Allowance for doubtful accounts:						
Fiscal year ended March 31, 2010	\$ 7,978	\$2,712	\$(1,257)	\$ —	\$ 446	\$ 9,879
Fiscal year ended March 31, 2011	9,879	1,513	(1,673)	—	828	10,547
Fiscal year ended March 31, 2012	10,547	1,395	(2,012)	—	92	10,022
Allowance for inventory valuation:						
Fiscal year ended March 31, 2010	\$16,725	\$1,704	\$(7,437)	\$ —	\$ 686	\$11,678
Fiscal year ended March 31, 2011	11,678	8,329	(5,361)	—	406	15,052
Fiscal year ended March 31, 2012	15,052	7,659	(7,657)	—	(223)	14,831
Deferred tax asset—valuation allowance:						
Fiscal year ended March 31, 2010	\$57,397	\$ 894	\$(2,896)	\$ —	\$ 2,987	\$58,382
Fiscal year ended March 31, 2011	58,382	825	(2,444)	5,340	1,514	63,617
Fiscal year ended March 31, 2012	63,617	2,457	(7,528)	1,124	(3,311)	56,359

(1) Primarily the impact of currency changes.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The report called for by Item 308(a) of Regulation S-K is included herein as "Management's Report on Internal Control Over Financial Reporting."

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. With the participation of the Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. The scope of management's assessment of the effectiveness of internal control over financial reporting includes substantially all of our businesses. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of March 31, 2012.

The attestation report called for by Item 308(b) of Registration S-K is included herein as "Report of Independent Registered Public Accounting Firm," which appears in Item 8 in this Annual Report on Form 10-K.

/s/ JOHN D. CRAIG

John D. Craig
Chairman, President and CEO

/s/ MICHAEL J. SCHMIDTLEIN

Michael J. Schmidtlein
Senior Vice President, Finance and CFO

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by this item is incorporated by reference from the sections entitled “Board of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance—Independence of Directors,” “Corporate Governance—Process for Selection of Director Nominee Candidates,” “Audit Committee Report,” and “Certain Relationships and Related Transactions—Employment of Related Parties” of the Company’s definitive proxy statement for its 2012 Annual Meeting of Stockholders (the “Proxy Statement”) to be filed no later than 120 days after the fiscal year end.

We have adopted a Code of Business Conduct and Ethics that applies to all of our officers, directors and employees (including our Chief Executive Officer, Chief Financial Officer, and Controller) and have posted the Code on our website at www.enersys.com, and a copy is available in print to any stockholder who requires a copy. If we waive any provision of the Code applicable to any director, our Chief Executive Officer, Chief Financial Officer, and Controller, such waiver will be promptly disclosed to the Company’s stockholders through the Company’s website.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by this item is incorporated by reference from the sections entitled “Corporate Governance—Compensation Committee” and “Executive Compensation” of the Proxy Statement.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT RELATED STOCKHOLDER MATTERS*

The information required by this item is incorporated by reference from the section entitled “Security Ownership of Certain Beneficial Owners and Management” of the Proxy Statement.

Plan Category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,944,029 ⁽¹⁾	\$20.85 ⁽²⁾	2,525,927
Equity compensation plans not approved by security holders . .	—	—	—
Total	<u>1,944,029</u>	<u>\$20.85</u>	<u>2,525,927</u>

(1) Assumes a 200% payout of market share units.

(2) Awards of restricted stock units, market share units and deferred stock units and stock units held in both the EnerSys Voluntary Deferred Compensation Plan for Non-Employee Directors and the EnerSys Voluntary Deferred Compensation Plan for Executives were not included in calculating the weighted-average exercise price as they will be settled in shares of common stock for no consideration.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

The information required by this item is incorporated by reference from the sections entitled “Corporate Governance,” and “Certain Relationships and Related Transactions” of the Proxy Statement.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by this item is incorporated by reference from the section entitled “Audit Committee Report” of the Proxy Statement to be filed no later than 120 days after the fiscal year end.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) Consolidated Financial Statements

See Index to Consolidated Financial Statements.

(2) Financial Statement Schedule

The following consolidated financial statement schedule should be read in conjunction with the consolidated financial statements (see Item 8. "Financial Statements and Supplementary Data"): Schedule II—Valuation and Qualifying Accounts.

All other schedules are omitted because they are not applicable or the required information is contained in the consolidated financial statements or notes thereto.

(b) The following documents are filed herewith as exhibits:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
3.2	Bylaws (incorporated by reference to Exhibits 3.2 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
4.1	Indenture, dated as of May 28, 2008, between EnerSys and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 28, 2008).
4.2	First Supplemental Indenture, dated as of May 28, 2008, between EnerSys and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.2 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 28, 2008).
10.1	Credit Agreement, dated as of June 27, 2008, among EnerSys, Bank of America, N.A., as Administrative Agent, Wachovia Capital Markets, LLC, as Syndication Agent, Goldman Sachs Credit Partners L.P., RZB Finance LLC and PNC Bank, National Association, as Co-Documentation Agent, and the various lending institutions party thereto (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on June 30, 2008).
10.2	Credit Agreement, dated as of March 29, 2011, among EnerSys, Bank of America, N.A., as Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent, RB International Finance (USA) LLC and PNC Bank, National Association, as Co-Documentation Agents and Co-Managers and the various lending institutions party thereto (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on March 29, 2011).
10.3	Euro Credit Agreement, dated June 15, 2005, among EnerSys S.p.A., Banca Intesa S.p.A., Sanpaolo IMI S.p.A., et al. (incorporated by reference to Exhibit 10.2 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on June 20, 2005).
10.4	Amendment to Euro 25,000,000 Credit Agreement (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on January 16, 2007).

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.5	Waiver and Amendment Agreement to Euro 25,000,000 Credit Agreement, among EnerSys Holdings (Luxembourg) S.a.r.l., EnerSys, EnerSys Capital, Inc. and Intesa Sanpaolo S.p.A., as Facility Agent and lender (incorporated by reference to Exhibit 10.2 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 19, 2008).
10.6	Amendment and Supplemental Facility Agreement to the Company's Euro 25 Million Credit Facility Agreement, dated October 16, 2008 (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on February 4, 2009).
10.7	Pledge Agreement, dated March 17, 2004, among EnerSys, various subsidiaries of EnerSys and Bank of America, N.A., as Collateral Agent (incorporated by reference to Exhibit 10.10 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on May 17, 2004).
10.8	Security Agreement, dated March 17, 2004, among EnerSys, various subsidiaries of EnerSys and Bank of America, N.A., as Collateral Agent (incorporated by reference to Exhibit 10.11 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on May 17, 2004).
10.9	Subsidiaries Guaranty, dated March 17, 2004, among various subsidiaries of EnerSys, in favor of Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.12 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on May 17, 2004).
10.10	Pledge over the Participation in EnerSys S.p.A., dated June 15, 2005, among EnerSys Holdings (Luxembourg) S.à r.l., Banca Intesa S.p.A., Sanpaolo IMI S.p.A., et al. (incorporated by reference to Exhibit 10.3 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on June 20, 2005).
10.11	Guaranty, dated June 15, 2005, of EnerSys Capital Inc. in favor of Sanpaolo IMI S.p.A. (incorporated by reference to Exhibit 10.4 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on June 20, 2005).
10.12	Stock Subscription Agreement, dated March 22, 2002, among EnerSys Holdings Inc., Morgan Stanley Dean Witter Capital Partners IV, L.P., Morgan Stanley Dean Witter Capital Investors IV, L.P., MSDW IV 892 Investors, L.P., Morgan Stanley Global Emerging Markets Private Investment Fund, L.P. and Morgan Stanley Global Emerging Markets Private Investors, L.P. (incorporated by reference to Exhibit 10.27 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.13	Form of Indemnification Agreement between EnerSys and each of its Directors and Officers (incorporated by reference to Exhibit 10.18 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.14	Employment Agreement, dated November 9, 2000, between Yuasa, Inc. and John D. Craig and letter of amendment thereto (incorporated by reference to Exhibit 10.2 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on May 17, 2004).
10.15	Employment Agreement, dated November 9, 2000, between Yuasa, Inc. and Richard W. Zuidema and letter of amendment thereto (incorporated by reference to Exhibit 10.6 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on May 17, 2004).
10.16	Employment Agreement, dated as of July 1, 2007 between EH Europe GmbH and Raymond R. Kubis (incorporated by reference to Exhibit 10.1 to EnerSys' Quarterly Report on Form 10-Q (File No. 001-32253) filed on August 8, 2007).
10.17	Severance Agreement, dated as of May 26, 2011 between EnerSys and Michael J. Schmidtlein (filed herewith).

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.18	Form of 2000 Management Equity Plan (incorporated by reference as Exhibit 10.1 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.19	Form of 2004 Equity Incentive Plan (incorporated by reference to Exhibit 10.24 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.20	EnerSys Amended and Restated 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.27 to EnerSys Annual Report on Form 10-K (File No. 001-32253) filed on June 11, 2008).
10.21	EnerSys Management Incentive Plan for fiscal year 2007 (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on July 6, 2006).
10.22	EnerSys Management Incentive Plan for fiscal year 2008 (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on April 2, 2007).
10.23	Form of 2010 Equity Incentive Plan (incorporated by reference to Appendix A to EnerSys' Definitive Proxy Statement on Schedule 14A (File No. 001-32253) filed on June 16, 2010).
10.24	EnerSys Voluntary Deferred Compensation Plan for Executives as amended August 5, 2010, and May 26th, 2011 (incorporated by reference to Exhibit 10.23 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.25	Form of Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.26	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on December 9, 2005).
10.27	Form of Stock Option Agreement (four year vesting) (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 23, 2007).
10.28	Form of Stock Option Agreement (three year vesting) (incorporated by reference to Exhibit 10.2 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 6, 2008).
10.29	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on May 23, 2007).
10.30	Form of Restricted Stock Unit Agreement - Non-Employee Directors (incorporated by reference to Exhibit 10.29 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on June 1, 2009).
10.31	Form of Restricted Stock Unit Agreement - Employees – 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on June 1, 2010).
10.32	Form of Market Share Restricted Stock Unit Agreement – Employees (incorporated by reference to Exhibit 10.31 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on June 1, 2010).
10.33	Form of Market Share Restricted Stock Unit Agreement – Employees – 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.32 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.34	Form of Restricted Stock Unit Agreement – Employees and Senior Executives – 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.33 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.35	Form of Restricted Stock Unit Agreement – Employees – 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.31 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.36	Form of Deferred Stock Unit Agreement - Non-Employee Directors – 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.35 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.37	Form of Severance Agreement (incorporated by reference to Exhibit 10.1 to EnerSys' Quarterly Report on Form 10-Q (File No. 001-32253) filed on November 9, 2010).
10.38	Form of Stock Option Agreement (six month vesting) (incorporated by reference to Exhibit 10.31 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on June 1, 2009).
11.1	Statement regarding Computation of Per Share Earnings.*
12.1	Computation of Ratio of Earnings to Fixed Charges (filed herewith).
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Ernst & Young LLP (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Document
101.LAB	XBRL Taxonomy Extension Label Document
101.PRE	XBRL Taxonomy Extension Presentation Document

* Information required to be presented in Exhibit 11 is provided in Note 18 of Notes to Consolidated Financial Statements under Part II, Item 8 of this Form 10-K in accordance with FASB guidance for calculating earnings per share.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENERSYS

By /s/ JOHN D. CRAIG

Date: May 25, 2012

John D. Craig
Chairman, President and Chief Executive Officer

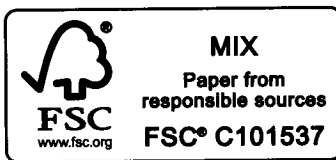
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose name appears below hereby appoints John D. Craig and Michael J. Schmittlein and each of them, as his true and lawful agent, with full power of substitution and resubstitution, for him and in his, place or stead, in any and all capacities, to execute any and all amendments to the within annual report, and to file the same, together with all exhibits thereto, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this annual report has been signed below by the following persons in the capacities and on the dates indicated

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOHN D. CRAIG</u> John D. Craig	Chairman, President, and Chief Executive Officer and Director (Principal Executive Officer)	May 25, 2012
<u>/s/ MICHAEL J. SCHMIDTLEIN</u> Michael J. Schmittlein	Senior Vice President Finance and Chief Financial Officer (Principal Financial Officer)	May 25, 2012
<u>/s/ KERRY M. KANE</u> Kerry M. Kane	Vice President and Corporate Controller (Principal Accounting Officer)	May 25, 2012
<u>/s/ HWAN-YOON F. CHUNG</u> Hwan-yoon F. Chung	Director	May 25, 2012
<u>/s/ SEIFI GHASEMI</u> Seifi Ghasemi	Director	May 25, 2012
<u>/s/ HOWARD I. HOFFEN</u> Howard I. Hoffen	Director	May 25, 2012
<u>/s/ ARTHUR T. KATSAROS</u> Arthur T. Katsaros	Director	May 25, 2012

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOHN F. LEHMAN</u> John F. Lehman	Director	May 25, 2012
<u>/s/ GENERAL ROBERT MAGNUS, USMC (RETIRED)</u> General Robert Magnus, USMC (Retired)	Director	May 25, 2012
<u>/s/ DENNIS S. MARLO</u> Dennis S. Marlo	Director	May 25, 2012
<u>/s/ JOSEPH C. MUSCARI</u> Joseph C. Muscari	Director	May 25, 2012



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